

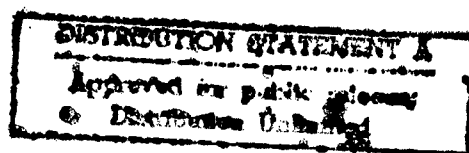
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# ***JPRS Report***



# **East Europe**

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# East Europe

JPRS-EER-88-042

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## CZECHOSLOVAKIA

### Global Prospects of Communism Assessed

24000087 Prague *TEORIE SOCIALISMU* in Slovak No 2 1988 pp 69-80

[Article by Rastislav Toth: "Current Dimensions of the Socialist Revolution"]

[Excerpts] The realization of the historical mission of the working class, an objective law of human social development, is one of the characteristics of current worldwide development. Various social movements are driving this comprehensive realization process, thus offering possibilities for mutual alliances among them. The political expression and objectives of this mass protest against capitalism differs from country to country. The chief determinant of anticapitalist realism, i.e., the revolutionary character of the political objectives of these movements, is their level of internal consciousness, which in turn is heavily influenced by the activities of a Marxist-Leninist party.

"In recent years the communist movement has encountered many new realities, tasks, and problems. These are all indications that the movement has entered a new stage of development." (XXVII CPSU Congress. Documents and Materials. Bratislava, Pravda, 1986. p 76.) This is evident in the search for more effective ways of merging the positions of working masses that reject capitalism with the anticapitalist foundations of the proletariat. Therefore, the current basis of the political activity of communist parties is the resolution of the problems involved in forming this alliance. The mechanics of this alliance must reflect the objective necessity of the hegemony of the proletariat in a socialist transformation of society. Given the current level of development of the social structure in developed capitalist countries, the question of working class allies is more complex because it involves not only objective movement of the components of this social structure, but also their subjective maturation, the process of finding their own ideological foundations and forms of political expression. In fact, there are three basic levels at which one must study the problems of alliances between the proletariat and nonproletarian groups of working people: a socioeconomic level, and ideological-cultural level, and a political level. The relative importance of these three factors in a given alliance will be determined by historical socio-political circumstances.

#### Socioeconomic Considerations

Scientific and technical progress, which has traditionally been the determining factor in the evolution of social structure, has been augmented in the past decade by other factors that have also played a significant role in the development of social structure. The most important of these has been the emphasis on expanding arms production brought about by the concentrated economic and political pressure of the military-industrial complex of

the USA, and the stabilization in developed capitalist countries of mass unemployment at a level of 8-10 percent of the able-bodied population. The above two factors have had a significant influence on the internal development of the working class, as well as on the evolution of other groups of workers. This has resulted in the creation of a new, objective social base that must be accepted as a given when forming the political program of an alliance. Failure to take account of the changes resulting from the above factors leads to the formation of nonprogressive alliances of the bourgeoisie and the technocracy, which only serves to facilitate the victory of conservative political parties.

In the four post war decades scientific and technical progress has caused a fundamental shift in the work force. The current employment structure of the developed capitalist countries in western Europe breaks down as follows: 40-45 percent of all employment is in industry, including construction and transportation; 3-8 percent is in agriculture; and 12-15 percent of the work force is employed in service jobs (see *The Europe Yearbook*, London, 1984). The number of researchers has also increased and therefore also their influence on production.

A significant expansion of arms production is one of the additional factors that is affecting the social evolution of capitalist countries. This negative trend has evolved because arms sales are highly profitable, arms prices are rising, at the same time that the number of arms is also increasing. The larger Western European countries are exporting more and more arms. Increased arms production in the 1980's was intended to reduce significantly their unemployment problem by creating new job opportunities. This interpretation of NATO requirements was supposed to win the support of the general public for rearmament projects.

In 1984 the West German government of H. Kohl passed a 55 billion DM program for rearming the Bundeswehr between 1985 and 2000. In the early 1960's France was second in arms exports (behind the USA). French arms exports increased by a factor of four in the 1970's. However, the number of jobs in the arms industry increased by only 10 percent, and the number of unemployed increased in the same period from 300,000 to 1.4 million.

Expanding arms production did not result in the promised reduction in unemployment because more jobs were terminated than were created. There are two reasons for this: the first is that the arms industry is more highly automated and robotized than other industrial sectors. The second reason is that investments in arms production reduce investments in other production activities. A. M. Subbotin has estimated that with a 1 billion dollar investment, one can create:

—70,000 jobs in the arms industry;

—100,000 jobs in construction;

- 112,000 jobs in the consumer goods industry;
- 138,000 health-care jobs
- 187,000 jobs in the education sector.

(Subbotin, A. M. International Trade Union Movement. A Response to the Need for Change [Mezhdunarodnoje profsojuznoje dvizenije: otvet na trebovanije peremen] THE WORKING CLASS AND THE CONTEMPORARY WORLD [Rabocij klass i sovremennij mir] No 3, p 7)

Nevertheless, increased expenditures on arms directly benefits those workers employed in that sector. There have so far been no critical fluctuations in the arms industry, no layoffs. Wages are higher than those in "peace" industries, and there would be a huge unemployment problem if the arms race were ever stopped. This, however, is a narrow, subjective view, one that is countered by the above figures on the relationship between investment and the creation of job opportunities. Among working people the above subjective view is logically linked to nationalistic demands for increases in national strength and enhanced national sovereignty by improving the arms available to the armed forces. Battling such rightist, conservative attitudes is in part difficult because communist cells and union organizations are not allowed to operate openly in companies that produce arms. Dialogue with workers in this sphere is possible only on the neutral ground of meetings, peace demonstrations, etc., in which these workers, naturally, participate only infrequently.

Parts of the construction and foodstuffs industries also have an indirect interest in arms production. This results in a rightward shift in the consciousness of those groups of workers with an interest in the armaments industry. This rightward shift is only temporary however, because orders from the armed forces for foodstuffs are substantially lower, and construction requirements are restricted in terms of time.

Class consciousness in the mid-1980's is quite low. The militarization of the economy, the assertion of nationalism, and the inability of social reform parties to formulate an economic future have combined to shift the consciousness of uncommitted elements of the working class to the right. This has led to victories by conservative parties and coalitions in all western European countries.

"Capitalism of the 1980's, capitalism of the century of electronics and information science, of computers and robots, is throwing additional millions of people out on the street, including young people and highly educated people." (XXVII Congress of the CPSU. Documents and Materials [Dokumenty a materialy]. Bratislava, Pravda, 1986. p 12) The stabilization of unemployment at 8-10 percent, and at 13 percent in Great Britain, has created

within the social structure of capitalist society an important social group with specific positions and interests. This social group is characterized by the experience and attitudes of unemployment. Since this is a result of the bourgeois method of managing social development, the bourgeoisie and its state are the ones who should take care of the unemployed. The government provides the unemployed with money, but it is not adequate to meet living requirements. The program involves levels of support differentiated by the length of unemployment. Restructuring state expenditures in favor of armaments programs does not permit the governments of these countries to count on any significant reduction in unemployment.

The political attitudes of the unemployed groups of these populations are differentiated by many factors, among them original social standing, level of education, length of unemployment, attitude to work, world view, political persuasion, nationality, race, etc. A general characteristic of the attitudes of the unemployed is a lack of faith in the ability and willingness of government to change gradually their current social status. Lack of political trust of the unemployed in bourgeois governments is only an intermediate step to socialist political activity. In most cases, however, this activity never develops. The proletarian nucleus of these unemployed comes closest in outlook to socialist principles. These groups express themselves politically in the most progressive ways, and they tend to be oriented towards leftist social reform parties and even toward the communists. Unemployment also means, however, the loss of a primary form of organization, the work collective. The lack of an organizational identity makes it easier for the bourgeoisie to manipulate the unemployed with demagoguery. In recent parliamentary elections in the FRG about 50 percent of the unemployed voted for candidates from bourgeois parties, even though it was the policies of these parties that had caused and maintain the high level of unemployment in the country. The case of France is similar.

The intellectualization of production activities is an important factor that is exerting an increasing influence on the formation and strengthening of the social alliance of the working class with other groups of workers. The result has been a merger of the working class and the intelligentsia, direct production cooperation, and a reduction in the difference between physical and mental production work. The technical intelligentsia is not the sole creation of scientific and technical progress, and the working class is not the sole implementor of this progress. The socioeconomic position of the working class and parts of the intelligentsia have converged to a significant extent, which has resulted in new forms of alliance and restructuring of the roles of these allies in the process of a socialist restructuring of capitalist society. The foundation of this alliance, however, is the hegemony of the proletariat, determined by its key

position in the formation of socialist work relationships, in which it has an objective, direct interest, as the sole component of the socio-class structure.

### **Ideological and Cultural Considerations**

Currently the activity of individual intellectuals is less important than the committed ideological activity of that part of the progressive intelligentsia that is organizationally linked to the working class. The progressive intelligentsia that is active outside of revolutionary proletarian parties does not fulfill a complete ideological function, but remains at the level of critics of the existing social order. Such critical analysis is a positive step, but forms only the first stage in the ideological struggle. The second stage, a constructive program that formulates goals and techniques for social change is either absent or exists as a subjective opinion. Scientific communism, which generalizes the socio-political evolution of society, forms a basis for developing and implementing political goals in any specific situation. Since scientific communism is the theoretical base for defining the tactics and strategy of the revolutionary proletarian movement, identification with the communist movement at the ideological-political level is a key requirement.

Reaching mutual agreement on political demands plays a key role in expanding alliances between the working class and progressive parts of the intelligentsia. This means that it is essential to understand the political concerns of the intelligentsia as a social group, the social standing of its constituent groups, its professional makeup, its educational profile, income levels, political and world view orientation, and its class origins.

Significant portions of the intelligentsia are critical of the reality of bourgeois democracy, which proclaims but does not deliver economic, political, and spiritual freedom. Criticism centers more and more on the hegemony of big capital in all areas of social life, not just the economic, where the relationship seems natural. Critics focus attention on this hegemony at two levels, namely the hegemony of capital in the intellectual sphere, and the political methods for enforcing this hegemony. This approach leads logically to demands for the democratization of public life, and the free intellectual development of the individual without the limiting influence of capital. The main criterion of human work cannot continue to be its market value, but must become its internal quality and social impact. Dissatisfaction with the status quo is motivating the intelligentsia to engage in various forms of social protest.

Only a part of this intelligentsia, however, links its criticism of the spiritual crisis of capitalism to the economic crisis of capitalism. The communist movement emphasizes this connection and proposes a resolution to the problem, namely the elimination of capitalism.

Prospects for individual, group, and social advancement exert the greatest impact on the attitudes and level of political activity of the intelligentsia. In the 1950's the bourgeoisie was able to attract the political activity of the intelligentsia to its own interests through the so-called managerial revolution, which held out great prospects for every educated, competent person individually and for the group as a whole. This great illusion lasted about 15 years. Social reality eroded this illusion about the general prospects for the intelligentsia.

Currently the intelligentsia is searching for realistic prospects in political party programs. For the most part, the intelligentsia tends to be leftist, but in the context of resolving its own problems cases of individualism do arise, which means traces of bourgeois political attitudes. For this reason the trend to the left is not a stable one, as shown most clearly by the parliamentary elections in France in 1981 and 1986. Trust in the socialists in 1981 was replaced first by political skepticism when evaluating the performance of their government, and then in an unexpectedly severe shift to the right in the next elections. Six months after the inauguration of a conservative French government, two million students supported by their teachers protested against the educational policy of the government, which was being guided solely by the interests of big capital. The main reason for this evolution in political activity by the intelligentsia was a recognition of the illusory nature of the program objectives of the socialist parties, based on the general internal contradictions within social reformist parties. Neither support for capitalism nor a struggle against it can be a realistic basis for a political program, meaning that developmental prospects contained in such programs are inherently fantastic and unattainable.

Bourgeois ideology results in program objectives attainable by only a minority of the intelligentsia, that part which equates its economic, political, and intellectual existence with capitalist institutions. It is an ideology which to a large extent accentuates the development of the individual personality, and defines this as the limiting influence on progress. The above-mentioned French parliamentary elections showed that under certain conditions conservative ideals can be very attractive. Bourgeois ideology also gains the support of the intelligentsia by touting the importance of business, individual policy, and competence as the driving forces and models of social activity.

Communist ideology is the only ideology that offers prospects for the full development of the individual personality. It is an ideology based on the objective necessity of eliminating the main limiting factor in the development of personality, namely private capital and the political system that serves it. The entire development of communist ideology has shown that the ideals of progress and humanism that form its base are attractive to progressive elements of the intelligentsia.

The three parts of communist ideology described below are unclear to most intellectuals in capitalist countries and, influenced by bourgeois propaganda, cause them to reject not only these three tenets but the entire communist ideology. The three concepts are: 1) the hegemony of the working class in the socialist movement; 2) the socialist revolution; and 3) the dictatorship of the proletariat.

Most democratically inclined people associate revolution only with its most evident forms, i.e., violence, the destruction of material and intellectual property, etc. Similarly, the dictatorship of the proletariat is equated with the inevitable installation of a police station. Our own national experience (bourgeois revolution, the people's uprising, fascism), current social developments in Chile, South Africa, South Korea, and the Middle East, and bourgeois falsification of the history of the countries of the socialist community and the Arab countries all support these distorting "short circuits" in our consciousness.

The constructive aspects for society of a socialist revolution have not penetrated sufficiently into the consciousness of the intelligentsia. This has had a negative impact as well on the formation of political attitudes among other middle class groups. The key to the expansion of communist ideology is finding a resolution to the problem of attitudes to revolution and understanding the actual differences between revolutionary change in social relationships and systemic reforms. Efforts to develop the social, political, economic, and intellectual interests of potential allies from the working class into a socialist movement must come to grips with this problem if they are to be successful.

#### Political Forms of Alliance

One political consequence of the current stage of the general crisis of capitalism is the appearance and growth of new democratic movements that incorporate some leftist ideals in their programs. This approach to formulating political programs holds the potential for dialogue with the communist movement. Because the appearance of these new democratic movements is a direct result of the general crisis of capitalism, their formation is a long term process and placing them in the overall political spectrum is complicated. This creates problems in defining exactly the concept "leftist" in a political movement in developed capitalist countries. Such a definition is essential, however, if we are to estimate the prospects for realizing the historical role of the working class.

The main criteria for belonging to the political left are:

a) the full reflection in political programs of the true interests of different groups of workers and unemployed;

b) recognition of the connection between the realization of specific interests of social groups and the realization of the general interests of workers and the unemployed masses;

c) organizing the political integration of workers and unemployed groups with the objective of increasing their participation significantly in the ordering of social relationships.

The new democratic movements incorporate these criteria in their programs to varying degrees. Moreover, they are very different from one another internally, which means that they do not necessarily all have a constructive relationship to the communist movement. An alliance between the working class and other middle and lower class groups can be realized under current conditions only through cooperation with leftist political parties and organizations under their influence, as well as with organizations that refuse to cooperate with political parties but nevertheless advocate some leftist objectives.

A primary objective in the formation of political alliances is the development of relationships between communist, social democratic, socialist, and so-called green or radical parties. What then are the current and future prospects for relationships between these types of parties?

All of them represent the interests of workers and the unemployed. Their political strategies differ in that they prioritize their objectives differently and allocate their resources differently when implementing programs. In addition, some of the parties also defend the interests of the bourgeoisie. The potential does exist, however, to form a broad, democratic, progressive block of parties with a joint program that contains some socialist objectives. The strength of this block would depend on the level of mutual respect between the constituent groups, agreement on the priority of the interests of workers and the joint program, and the persistence of the struggle against capitalism in the economic, political, intellectual, and international areas. If the general public would participate in the formation and implementation of the policy of this block the realization of socialist ideals would be inevitable, because a Marxist-Leninist party would objectively assume leadership of the block by virtue of the priority it gives to defending the interests of workers.

So far leftist political groups in developed capitalist countries have been led by social reformist parties. The opportunism practiced by the leadership of these parties has always led to the political defeat of the leftist block, or to the advent of right wing terror (as in Chile in 1973).

Relationships between communist and green parties have not yet been crystallized at the level of party leadership. This has resulted from the variety of political convictions among the leading functionaries of the green parties, some of which advocate and some of which

oppose cooperation with communists, as well as cooperation with social democratic and bourgeois parties. Cooperation with these parties usually occurs at random through the support and participation of members of these parties in anti-militaristic and antifascist rallies.

The activities of unions and youth organizations serve as an important base for the development of class unity of the proletariat and its political alliances with other social classes of working people.

Between 30 and 80 percent of the working people, mainly blue collar workers, in the countries of western Europe belong to unions. Depending on the country, social democrats, socialists, or communists exert the dominant influence on union activity.

While the political interests and ideological persuasions of the members of the individual political parties, understandably, differ, the socioeconomic interests of the large union centrals are largely identical or very close to identical. Only unions consisting of members of the intelligentsia with high incomes advocate views that differ from the views of most workers and are in conformity with the predominant social structure.

Because the political convictions of a majority of unionized workers are uniform, union organizations can serve as a platform for the initiation of integrational programs for those political parties advocating the interests of the working masses. The union centrals present an alliance of the working masses formed with the common objective of improving their own social and economic position. Certain union centrals have overcome the traditional syndicalist concept of their mission and are linking the daily needs of working people related to improving working and living conditions with conceptual issues of ways to organize society. These unions include the French CGT, to some extent the Italian CGIL, and the British unions central TUC.

Youth organizations and movements are another potential platform for programs aiming at the political alliance of workers. Although youth organizations are almost always oriented to one or another political party, the membership of youth organizations is more tightly knit than party membership. This is a consequence of the more critical attitude of youth groups, which radicalizes young social democrats as well as Christians. Youth groups express their unity mainly in an intense opposition to arms production and American hegemonism, and in an evaluation of domestic conditions that includes condemnation of the privileged position of ruling elites.

Certain youth groups do not trust political parties, as a result of negative experiences with domestic government by various parties. This aversion led to the founding and rise of alternative, green movements, which have grown

into political parties with an untraditionally free technique of organization. Young people account for about two-thirds of the membership of the green parties, and these parties get most of their election votes from young people as well.

Most young people are critical of capitalism or reject it outright. We consider this as a basis for political initiatives with an anticapitalist goal. So far, however, anti-communist propaganda of bourgeois states noncommunist parties, and other organizations is preventing any broad based growth of anticapitalist criticism into socialist activity. Expressions of dissatisfaction are focused mainly on certain instances of the class antagonistic bases on the actual society, such as the housing problem, unemployment, increased arms production at the expense of social expenditures, the nondemocratic character of the school system, etc. Youth are alienated by anticommunist elements in the policies of potential allies in the leftist block. The policy of the communist movement is in contrast to the above trends. Working through youth and union organizations, communists attempt to form a unified, anticapitalist block of parties, organizations, and free associations that could initiate revolutionary socialist transformations in bourgeois society.

#### Socialist Revolution vs International Reaction

The realization of the historical mission of the working class also has an important international dimension. The process of this realization has a significant influence on the world balance of forces between capitalism and socialism. "Capitalism considers the rise of socialism as a "accident" of history that must be "corrected." Corrected at whatever cost, by whatever means necessary, without regard for right or morality: by armed intervention, economic blockades, subversive activities, sanctions and "punishments," the refusal to engage in any cooperation at all." (XXVII Congress of the CPSU. Document and Materials [Dokumenty a materialy] Bratislava, Pravda, 1986, p 191) Today capitalism is linking the question of world progress with the problem of the existence of human civilization. The center of the international reaction, which in the 1980's devised a program to stop the worldwide process of social and especially socialist progress with the threat of a nuclear cataclysm, is a militant part of the bourgeoisie created by the military industrial complex in the USA. This program motivated the bourgeoisie of individual countries to replace the resolution of class conflicts in the policies of their parties and country with the implementation of so-called national and regional interests in the international context. This strengthening of nationalism in the consciousness of the general public disorients them from class based activities and increases the political credibility of bourgeois parties.

Currently the main political task facing the communist movement is to raise the consciousness of the working masses regarding class antagonism and the so-called individual national interests asserted by the bourgeois parties. This will require the development of effective

techniques for proletarianizing and revolutionizing the attitudes of the workers, and their recognition of the divisions of bourgeois society. A second objective is to change the attitudes of workers to international relations. Bourgeois ideology forces on people the view that the world is divided into military blocks that determine the formation of political relations. In reality the world is divided into antagonistic systems, the mutually antagonistic characteristics of which determine equally antagonistic conceptions of future world development.

The supreme expression of efforts by the bourgeoisie to stop the process of other revolutionary transformation of the world is the attempt to divide the world definitively into the "eastern and western hemispheres" and to more strongly integrate the West. The integration of the West is being implemented in the political, military, economic, ideological, cultural, and research and development spheres. This process is displaying ever stronger evidence of the Americanization of the relations and programs of bourgeois political parties and countries on the cardinal questions of global, regional, and national development. The Americanization of the policy of the West is dismantling the possibilities of leftist development, because the bourgeoisie is the only group involved in policy making in the USA. The USA working class movement is highly fragmented and under the influence of bourgeois ideology. The activities of the largest American trade union, the AFL-CIO, the world union movement are evidence of this fact. The AFL-CIO fulfills the role of Trojan Horse of the American state within the world movement. It fosters disorganization and lends financial support to reactionary groups in European unions. Within the USA this group professes to be "apolitical" which in effect pacifies the political activity of workers. The political system of two large bourgeois parties is the example for the integrated West for reducing the role of the proletariat in political life to a minimum and eliminating it as a revolutionary force.

The international organizations of capitalist countries, especially NATO and the European Community, are significant antirevolutionary factors in world and national development. The main purpose of their existence is to strengthen the hegemonical position of private capital in the number countries and to increase the influence of conservative political parties and groups in the bourgeois state. The objective is for the integrated West to attain a level of economic, military, and political ideological power that will guarantee it a dominant position in the formation of international relations. This would definitely result in the elimination of the influence of the ideals of socialism from the world. This attempt to stabilize all aspects of capitalism is being continually eroded by the inability of the bourgeois states to resolve the economic, social, ethnic, and ethical problems in the development of their own societies. In other words, the actual development of contemporary capitalism is the result of the interaction of stabilizational and destabilizational factors.

Expressions of dissatisfaction by various groups in the developed capitalist countries are the result of the above described development. What they have in common is a demand to assure peace through reductions in arms expenditures by eliminating nuclear and chemical weapons, and the nonmilitarization of space. This is not enough, however, to eliminate the capitalist basis of society. So far the international reaction has been able to maintain a significant component of pacifism and utopianism in the peace movement in the West.

The revolutionary character of the current epoch is evident in the overall activities of the working class and its allies in world development. An understanding of the bases of capitalist and socialist development and their mutual antagonism is fundamental to socialist activity. The critical phenomenon, however, is revolutionary enthusiasm, the willingness and ability to participate in the socialist transformation of individual capitalist societies and the system generally. The tactics of the communist movement must correspond to the dynamic nature of the social, economic, political and spiritual requirements of different groups of people. Development requires "... a courageous and creative approach to new realities based on the immortal teachings of Marx, Engels, and Lenin (XXVII CPSU Congress. Documents and Materials [Dokumenty a materialy] Bratislava, Pravda 1986, p 76). This will determine our success in enhancing the revolutionary characteristics of the current epoch.

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## HUNGARY

### Berecz Interviewed on Role of Opposition

35280101 Rome *CORRIERE DELLA SERA* in Italian  
17 Feb 88 page not given

[Interview with Janos Berecz, Politburo member, Central Committee secretary, and ex-director of the Communist Party's daily, by Sandro Scabello; date and place not given]

[Text] Budapest—Janos Berecz, Politburo member, Central Committee secretary, and ex-director of the Communist Party's daily, is considered, along with Prime Minister Karoly Grosz, to be the most likely candidate for succession to Kadar.

Brilliant, ambitious, direct in manner, he wears within the party the robes of supreme ideologue. The most appropriate political personality, thus, with whom to discuss the current and future prospects for the democratization process and to probe what is happening at the top.

[Question] Dr Berecz, a group of writers and intellectuals met at Lakitelek in September to discuss Hungary's current problems. Imre Pozsgay, secretary of the Popular Patriotic Front and member of the Central Committee,



also attended the discussions. At the end of January, the same sponsors announced a second meeting in a theater in Budapest to discuss the new role of parliament. This time, the intellectuals and dissidents present numbered more than 500, but two jurists who are members of the Communist Party did not show up. How do you explain this on-and-off behavior of the party?

[Answer] The first meeting had as its objective the search for a way out of the crisis. Pozsgay went there in all good faith to try to put together a consensus, or to create a situation of mutual understanding. After the discussion, the sponsors did not request official registration of their association. We do not know what their intentions are. We can only suppose that they, too, are animated by good faith. When they were promoting the second meeting they did not say that they wanted to set up a dialogue with anyone other than their own selected speakers. This is a procedure we do not accept. For this reason, party members did not attend.

[Question] What kind of dialogue do you intend to initiate with the opposition?

[Answer] We are ready for dialogue with anyone who does not call into question the building up of socialism, and who accepts the economic stabilization program. I trust that this will be understood by those who prefer discussions solely among themselves. Within the party, deep thinking is underway on the relationship between democracy and socialism. In our society, diverse interests exist and face one another. The party has the task of coordinating them, of giving them the chance to express themselves through meetings and discussions. Those with opinions differing from ours are not going to be considered adversaries or enemies. Our judgment is different, however, with respect to those who are aggressively hostile to the socialist system and who interfere with the search for dialogue.

[Question] The opposition will be allowed to put forward its own candidates for the parliamentary elections of 1990?

[Answer] No one is excluded from the dialogue. Work is going forward on amendments to the Constitution that will guarantee fuller respect for democratic freedoms, and also on a new law concerning the creation of independent organizations. The electoral law will be broadened later.

[Question] In other words, Csoori, Csurka and Rajk will be able to sit in parliament without trouble?

[Answer] They are Hungarian citizens in full possession of their rights, why on earth should they be excluded from standing for election? Permit me to draw a distinction: I do not consider Csoori and Csurka members of the opposition—they aren't putting out samizdat publications—whereas Rajk at one point violated the press law.

[Question] Dr Berecz, the austerity measures adopted by the government have stirred broad discontent among the population. Do you think disorders could break out?

[Answer] The restructuring of the economy brings with it sacrifices that can call forth tensions, particularly in the localities where the process will cut more deeply. There, the reaction could turn out to be very rough. The problem is not so much one of maintaining order by force as it is of making people understand the seriousness of the situation, and that there does exist a way out. If conflicts break out, we will confront them from this point of view. The main strength of the authorities does not consist in their defensive force, but rather in their ability to make themselves understood and to stir broad segments of the population to action.

[Question] Authorities that are more and more discredited in the eyes of the Hungarians, who are accusing them of having wasted time, of having blocked reforms, and of not offering convincing solutions for removing the danger of recession.

[Answer] Yes, we are aware of the people's feelings. The people must become convinced of the validity of our program. It will not be perfect; the point of departure is burdensome, oppressive, but we must work together or else we will not get out of it. The issue will be given the highest priority at the next party conference.

[Question] There is talk of a bitter political struggle for the succession. You are among those given the most chance.

[Answer] In a situation as difficult as the one we face, believe me, no one is going to turn himself inside out to gather up Kadar's mantle. For my part, I am too busy working to worry about struggles and plots. I have said it publicly several times: If I become aware that a succession struggle is underway, I will be the first to stand aside. I believe that my point of view is shared by the other "favorite," Prime Minister Grosz. He too is well aware of what being at the top means.

[Question] Yet the Hungarians keep wondering, with a smidgeon of irony, "What are we going to get, bereczstrojka or grosznost?"

[Answer] Let me give you an anecdote. My son is 18 and a goalie for a B-League soccer team. In a recent game his team was losing 3 to nothing. In the stands they started yelling "bereczstrojka, bereczstrojka." They finally won 4 to 3, and the chorus died down. I've known Comrade Grosz for a long time. We don't always see things the same way, but we always manage to find a least common denominator. Last summer the German foreign minister, Genscher, asked me if there were big differences between us. I told him, Grosz comes from a peasant family, I come from a worker family. Neither Grosz nor I are the sort to shoot one another in the back. We are

accustomed to speaking to one another with the greatest frankness. I repeat: If there is a succession struggle, it's happening behind my back and without my knowledge.

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**Dissidents, Reformers Assess 'Crisis' in University Journal**

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[Discussion series entitled "Reform and Hungary, SZAZADVEG's Questionnaire Concerning Reform." SZAZADVEG is published by ELTE University School of Law, "with the support of the Hungarian Academy of Sciences and the Soros Foundation Committee." The responsible publisher is Dr Istvan Stumpf. Janos Kis is an editor of the samizdat journal BESZELO, Lengyel Laszlo is a radical economist expelled from the Hungarian Socialist Workers' Party (MSZMP) in April 1988. Gyorgy Gado is editor of the samizdat MAGYAR ZSIDO]

[Excerpts] The reader accustomed to SZAZADVEG articles discussing matters at the theoretical level will be surprised perhaps by finding answers to a questionnaire rather than studies in this column. The editors found a number of reasons to emburge upon this new enterprise. Nevertheless, this type of work is not alien to periodicals (e.g. HUSZADIK SZAZAD) which SZAZADVEG venerates as its spiritual predecessors.

We believe that by presenting these answers we are providing an opportunity (which is one of our original goals) to initiate dialog between isolated groups, which by virtue of tradition have been tragically opposed to each other. Such dialog assumes an even greater significance in view of the fact that once again Hungary is facing a turnaround, the fulfillment of a crisis. Only societies capable of organizing themselves have a chance to survive and to recover from crisis. However, such survival and recovery cannot take place without clarifying the fundamental issues.

This is an important and urgent task confronting the young generation, which this editorial board is part of, because it now seems unavoidable that this generation will have to live the remainder of its life through a difficult and protracted period of crisis.

First we raised the questions presented by reform itself, leaving for later the issues pertaining to nationalism and minorities, the populist-urbane conflict, and problems pertaining to Hungary's place in Europe and her historic past, which have not yet been clarified.

The editorial board raised the following questions:

(1) What phenomena do you view as reflective of Hungary's crisis, and what are the causes thereof?

(2) How do you view the more important reform concepts ("Turnaround and Reform," "Social Contract," "Reform and Democracy," the party's and the cabinet's stabilization and evolutionary program, etc.) and their chances of succeeding?

(3) In addition to the programs listed above, do you have any suggestions that may resolve the crisis?

These questions were submitted to the following group of individuals. The group is representative of all trends known to us in Hungarian intellectual life. The group consists of: Laszlo Antal, Tamas Bauer, Ivan Baba, Mihaly Bihari, Sandor Csoori, Istvan Csurka, Gyula Fekete, Gyorgy Gado, Csaba Gombar, Elemer Hankiss, Andras Hegedus, Laszlo Keri, Janos Kis, Gyorgy Konrad, Istvan Kukorelli, Laszlo Lengyel, Imre Nagy, Rezso Nyers, Imre Pozsgay, Tamas Sarkozy, Miklos Szabo, Andrea Szego, Marton Tardos, Ferenc Tokei, Miklos Vasarhelyi, Csaba Vass. Nevertheless we did not want to exclude anyone from the debate (this would be inconsistent with the spirit of SZAZADVEG), and therefore we are looking forward to receiving comments from our readers. In this issue we are beginning to present the responses.

(The Editor)

**Gyorgy Gado (editor)**

(1) From the beginning, the so-called socialist development started out on an unrealistic basis. Its goals were forced upon it as a result of external power factors at an abnormally rapid pace pursuant to an arbitrary system of values, at the price of annihilating traditional infrastructures, without the interestedness of the working masses, with the help of terror and the bureaucracy, and in the midst of large-scale exploitation. I emphasize: we are speaking not only of Rakosi's or the so-called Rakosi clique's mistakes and crimes, and not only of the distortions [created by] personal cult. We are talking about the essence of the so-called realistically existing socialism (which is the centralized economy established pursuant to the Soviet pattern and under Soviet pressure).

Dependence on the Soviet Union and cooperation with East European economies, which experienced a similarly distorted developmental process, aggravated the damages and rendered the problems even more complicated—problems which were programmed into this mistaken start from the outset.

Accordingly, the roots of crisis reach back all the way to 1945-1949. After 1956 foreign intervention and the counter-revolutionary government saw to it that healthy conditions not be restored.

In response to global market factors, beginning in the middle 1970's the imminent economic crisis factors of the system manifested themselves increasingly. As it

turned out, the relative prosperity which evolved beginning in the middle 1960's, and which made the population acquiesce into political oppression, was built on sand. The ambiguous and endlessly protracted reform only served to sharpen and to render more apparent the contradictions of the unhealthy situation.

The political determinism of the roots and factors of this economic crisis produced a situation in which the crisis spread beyond the economic sphere into the political arena. Since those in power showed reluctance to face reality for too long, and since they adhered for too long to their bankrupt dogmas and to the maintenance of semblances by using the means of oppression, the economic-political crisis has deepened so as to become the moral crisis of society.

The components of this are publicly known: on the one hand they are phrases, bureaucracy and oppression, on the other, they are disillusionment, corruption and the various ideologies and variations of self-surrender.

But as the economic side of the crisis manifested itself in response to the effects exerted by global economic changes, similarly the political side of the crisis could no longer be covered up as a result of Gorbachev's experiment. Insofar as the moral aspect of the crisis is concerned: society has been forced to engage in corrupt practices to such extent that it disturbed even the beneficiaries of corruption, because in different relationships they too became the victims of corruption. Under such circumstances the self-esteem of society and of the nation either disappears, or sternly commands radical renewal and purification.

(2) Some say, moreover, some complain that in these days anyone and his brother writes reform proposals and makes plans to redeem this country.... Plainly speaking: everyone wants to be wise, rather than putting in an honest day of work. One must work, then no longer will there be mistakes....

In contrast, the reality in part is that troubles occurred notwithstanding the fact that we have been working thus far. And in part: the number of well thought-out reform proposals we have is by far not enough. Taking a second look at the available proposals, there hardly exists one or two. The cabinet's and the party's evolutionary proposal cannot be viewed as a concept offering thorough and substantive changes, while KISZ' proposal, consistent with its role of being the party's vassal, can be viewed as such to an even lesser extent. The PPF has not produced any sensible plans; it satisfied itself with not standing up against various pro-reform social initiatives, and with tolerating, after being goaded, the use of its name as a protective shield by some debating clubs. Imre Pozsgay here and there expresses with impressive energy his own critique of the situation and his conception of what needs to be done, nevertheless his lectures and speeches so far have not yielded a comprehensive and correlated reform program.

Last year's general meeting of the Writers Association appeared as a promising start, but the continuation failed to materialize: of the critiques, and of the noble emotions that were voiced at the general meeting there failed to evolve political and social action, and to an even lesser extent a positive program.

Disregarding some critical articles and recommendations which appeared in specialized periodicals, and disregarding lectures of a similar character which were delivered before various narrow professional audiences—in the absence of appropriate publicity and of protracted or not materialized methodical debate neither of which yielded a comprehensive program—we find only two programs which hold promise. One is the reform economists' discussion publicized under the title "Turnaround and Reform." The other is the dynamic concept of the samizdat periodical BESZELO, entitled "Social Contract." Naturally, Mihaly Bihari's "Reform and Democracy" would deserve mention and praise, but I did not have a chance to read it. Considering Bihari's earlier statements it is likely that his work also constitutes a consistent proposal for political reform. It is characteristic of the situation, however, that as it is, in the form of a manuscript, only a narrow group is familiar with its contents.

Even after a lengthy tug-of-war the former [BESZELO] could be published in the legitimate press only in a dismembered form, and even that way only in a few copies. Those in power still do not want to acknowledge the existence of the latter ["Reform and Democracy"]. Under such circumstances there indeed exists a need for some kind of an institutional debating forum, in which a realistic program for renewal can be forged in the plain view of the public at large. The statement endorsed at the Lakitelek conference also referred to such a debating forum. A single debating forum, however, is insufficient. Many are needed at the most diverse levels and spheres of society. But even a thousand debating forums would be insufficient, if the mass information media, the chief means by which public opinion formulates itself, i.e. the press, radio and television, fails to acknowledge the existence of such debating forums, or if it does, it does so only in a limited fashion, having strained and selected the news three times, reporting on the debates, demands and concepts out of manipulative considerations.

Hungary is in the midst of an economic, political and moral crisis. The diagnosis would be false unless we pointed out that our dependence on the Soviet Union conserves, moreover increases our backwardness. It increases our troubles, therefore the relaxation of our dependence is an absolute requirement. The big question behind Gorbachev's reform policies is whether these policies will provide an opportunity for such relaxation. The third fact which can no longer be veiled is the fact that party dictatorship and democracy are mutually exclusive concepts. Even if full and real democracy cannot be established overnight, the constraint of the

party's power and role within the limits of laws and legal order can be no longer delayed. In this regard it is BESZELO's program proposal that speaks most clearly.

The further delay of in-depth changes holds the threat that the crisis evolves into catastrophe. Quite naturally, a catastrophe would not occur only as a result of economic bankruptcy and the consequent political upheaval (bloody clashes holding the threat of armed foreign intervention). It would occur also as a result of bottoming out, according to the Romanian pattern. The latter would only serve to delay the fatal events which by all means would take place, just so that those events would become even more devastating.

Accordingly, if we say that in Hungary one must maintain political stability, this by no means should be interpreted as the infinite conservation of existing power conditions and structures. Maintaining stability only means that one must avoid collapse and upheaval, and this must be accomplished through the only passable avenue: by way of realizing political reforms which in their principles and direction are clear-cut and determined, and are circumspect and gradual in practice.

There is no economic reform without political reform which points in the direction of real democracy, and which limits and promises the total liquidation of party dictatorship.

(3) Before proceeding further I would like to emphasize one fact: time is running out! This admonishes us that theoretical debate, the exchange of views must be complemented by social action as soon as possible.

In recent times the critique of the prevailing political and economic situation assumed a new character, a critique, which after several jolting starts that began more or less 25 years ago assumed a more definitive form, beginning in the late 1970's. While virtually the entire intelligentsia is yearning for deep-seated changes, an increasing number of people recognize that the multi-faceted phenomena criticized by so many groups represent the crisis of the entire system, and not only that of the political sphere and the leadership. In using the term "system" I mean the realistically existing socialism. This critique is becoming a mass phenomenon and is expressed in an increasingly agitated form also outside of the intelligentsia. And although it does not obtain a theoretical definition, within many the earlier indifference and despair is turning into anger and furor. These emotions are the more characteristic of the strata outside of the intelligentsia, the less those strata are apt to think in terms of political science and sociology.

One form in which the critique is expressed and is becoming increasingly general is the increasing number of people who openly deny their identification with the system. There are even more of those who are loyal only for semblance's sake. One can increasingly sense the

socio-psychological and political need for an independent force which clearly removes itself, and if necessary, opposes those who hold power. The regime has reached the stage of paralysis, and even of disintegration. It is for this reason that criticisms can be heard at an increasing volume also from within—frequently in terms of sincere hope, at other times in false terms for outside consumption, with a manipulative intent.

The force, authenticity and effect of criticisms largely depend on whether they are consistent. However, the logic of the critique, the foundations of its theoretical content and the degree to which its expression is methodical are not the only important matters. The personal, individual conduct of the critic, and the consistency of that conduct is also gaining significance. In addition to professionalism and expertise, critics acquire prestige through demonstrated moral force, personal independence, and preparedness to sacrifice as well as through courage, meaning that even in a state of financial dependence they dare call a spade a spade. One can sense society's increased need for this kind of courage, for criticism which is morally supported through personal example. In other words: it is becoming increasingly difficult to exercise well-founded, consistent, effective and authentic criticism while voicing and repeating the critics' unconditional loyalty toward the regime, while saying that in spite of their criticism, they continue to recognize the party's leading role and its hegemony, or while watching with one eye whether their criticism evokes a kindly nod or a wrinkled forehead from a member of the Politburo.

The fact that this situation evolved can be credited in part to the rigidity of the power and education by illustration which the power presented to society by virtue of its mistaken policies, shortcomings in self-criticism, its dreary mind, and low level of ability to learn. But the political and moral courage and the initiative of those independents who think otherwise has also played a role. The civil disobedience manifested by the "Beszele" circle and by other members (this truly informal, loose group) and organs of the democratic opposition, as demonstrated in their publications, deserves much credit for those in power not being able to deny by now that indeed there is a need for political reform.

Quite naturally, the need for critique and for alternative concepts did not evolve within this circle alone. Many economists, sociologists, political scientists, historians etc. within the regime also sensed and expressed this need. Similarly, writers and artists, who considered it to be their duty to voice the nation's concerns also expressed the need for criticism and for alternatives. They did so, consistent with their historic legacy.

In these days one is pleased to find that the opposition, which emerged as the initial catalyst, and the above-mentioned critical forces are approaching each other. Cooperation is beginning to evolve through the obstacles

of personal likes and dislikes, biases, prejudices and misunderstandings. In this respect we once again find the concerted effect of a number of factors: a recognition that even the most flexible elements of power are incapable (or unwilling) to implement substantive changes without outside pressure, growing restlessness in society, and last but not least the third factor which emerges from the first two: the fact that the young intelligentsia which has just barely assumed its career positions, or which is still continuing its studies is becoming radical. A significant number of those who think otherwise are approaching the opposition, and it is not the opposition that is forced to surrender its earlier positions—clearly distinguishable from those held by the power. I believe that these processes must assume mass proportions in order to achieve substantive political reform.

The idea that reform had its start in the party, and that only the party can act as the main driving force for reform is a false tenet. This idea is contradicted not only by the evolutionary history of the reform idea, but also by the condition in which the party now finds itself. The party which exists today is anti-democratic and autocratic in structure. The leadership falsely informs its masses, and the members' ability to act is paralyzed by organizational rules. Anyone who says that "from among the organized political forces today it is the party membership which is about to play the most crucial role" (ef-lapok No 9, 1987-1988) [reference to an unknown publication] must acknowledge that at the same time this process is also one which dispels illusions fostered by the party membership, and if "the relationship between the party membership and public opinion has strengthened" (ibid.) then this is becoming increasingly synonymous with party disintegration, rather than with the renewal of the organization.

At the time KISZ declared in its proposal addressed to the CC and to the Council of Ministers that KISZ members expect the party to provide a "clear definition of directions for action," it provided an opportunity for party leadership elements favorably disposed to reform. These elements, however, were unable to take advantage of the opportunity: the CC resolution and the programmatic statement by the head of state by no means could be considered as a statement that provides clear directions. Considering this, the hope expressed by KISZ appears unrealistic. Only a hard-to-assume naivete, or, what is far more likely: KISZ' status of being a vassal of the party can nurture such ideas.

Equally, one cannot be confident that a party which builds itself on the premise of internal democracy would become the engine for social renewal (ibid.). Only the wholesale renewal movement of a sovereign society can force the party to substantively become something else than what it is today. Whatever that would be however, it would no longer be a traditional communist party. (Having said all this, I do not believe that there could not exist a certain mutual influence between renewal forces within and outside of the party, nevertheless I attribute

only a subordinate role to such mutual influence.) As "Turnaround and Reform" appropriately points out, even if not at the initiative and with the leadership role of the party, but reform cannot be realized despite the party either. If the party stubbornly opposes reform, instead of reform history might produce a possible explosion, and heavens save this country from such an explosion.

Accordingly, I believe that by now the theoretical summarization of opinions and academic debate are insufficient. Concepts can materialize and become truly realistic, and debates can become effective and authentic only if these concepts and debates have as their intent the enhancement of the organization of various groups in society, and if they themselves find nourishment in the organization of such groupings. Debates remain empty rhetoric without social action.

Only in this way can the reform process transcend the relatively narrow circle of the intellectual elite and find a broader base in society. The entire theoretical debate, moreover, the idea of reform itself will lose credibility if the intelligentsia fails to accomplish this. Moreover, it may backfire. The reform intelligentsia would not be a whit better than anyone else in the eyes of society, and reform would remain an internal affair of those in power. One need not describe how fatal the impact upon the country would be if the intelligentsia had no other choice but to play the role of either the servant or the traitor.

A mass base must be established for reform. In my judgment, the creation of a mass base has three preliminary conditions:

—It must be made clear that in implementing reform it is not the old reform movement that is patched up (as suggested e.g. by the KISZ CC). Genuine democracy must be established instead. (According to "Turnaround and Reform" we must not continue to do the same as we did before, even if that is done in a better way. We must do something different.) In order to do something different however, we must face the past: 1949, the "year of turnaround," must be designated as the year when democracy and socialism were denied, October 1956 must be called revolution, and concerning the much talked-about Kadar consensus it must be said that it sprung out of the intimidation and corruption of society.

—Freedom of the press must be accomplished urgently, if not otherwise, then through civil disobedience. It is an intolerable condition when reform ideas within constitutional limits are published in the form of excerpts (like "Turnaround and Reform"), or not at all. Publicity must not be viewed as a merciful gift bestowed by those in power. Publicity must come about as a result of the sovereign actions of forces of social reform. The same applies to the organizational frameworks of pro-reform public opinion and interest groups: it is useless and undignified to beg for the licensing of clubs, circles, associations and interest-protection groups. Instead of

begging for permissions, the formulation of these organizations should be declared, and however tight their circumstances, their practical operation should commence. In different terms this means that reform can be accomplished and brought to the masses only through revolutionary courage and through revolutionary means. This, of course, is not synonymous with the approval of forceful, terroristic methods and bloody battles.

—The most important hallmark of opposition to totalitarian, autocratic power is none other than the proclamation of the sovereignty of society, and the recognition and practical enforcement of the fact that groups which are independent from those in power have a human and constitutional right to express their views, and to assemble and to organize, as long as their actions are not aiming for the forceful overthrow of the prevailing order. Accordingly, the hallmark of today's opposition is no longer whether someone wants a liberal or a socialist system, or a single-party or a multi-party system, not to mention issues pertaining to programmatic detail. In order to obtain a mass base for reform, everyone whose convictions so dictate must identify with the opposition, perceived in this sense of the term. Change must not become a charitable gift granted by the power.

On the other hand, there will be no dialog between the power and society outside of the trenches of power as long as those in power are unwilling to acknowledge the right of social groups and political forces to emerge, as long as they are not willing to recognize the opposition and recognize only those who think differently, as long as those in power are willing to licence the opposition only to the extent that it performs a so-called "constructive" role while those in power retain the right to qualify what is and what is not constructive. The crisis will only become protracted, the troubles will become more acute, and overcoming the troubles will become increasingly difficult as long as the power conducts "dialog" with itself only. The Polish developments, to which Imre Pozsgay, so far as I know, attached great hopes, in my view represent pseudo-resolutions only.

Would it follow from the aforesaid that our "minimum program" is also either "all or nothing"? Would it follow that there is no alternative to either serving those in power or being in the opposition? Would it follow that there can be no intermediate steps, not even on a transitional basis before society organizes itself, and free public opinion takes shape? Not by far.

Every partial achievement which leads closer to democracy, to the liquidation of autocracy, and to the placing of party power under control is welcome. Any reform proposal in this direction deserves support, irrespective of who makes those proposals, (including the party itself and the cabinet). But they are welcome only if we recognize the limitations of partial results and proposals, if we point out those limitations, and if we do not lose sight of the main goal.

Regardless of under whose aegis they exist or function, any press organ, debating forum, organizational framework through which public opinion is informed in a manner true to reality, and which enhance the organization of society in the interest of reform and democracy is useful. But this can take place only if alongside the organs and organizational forms which exist as functions of those in power, there are organs and organizational forms which function independent from those in power, and in response to which the former do not unequivocally become the manipulative tools of those in power, and the dynamic emergence of which forces the former to take steps in the direction of democracy.

Anyone, who in his own place endeavors to purge society from fear and lies, and to overcome the societal disease which shrinks our nation, yet does not accept the task of being in the opposition (in the above sense), deserves recognition and respect. Nevertheless, people endeavoring to remedy the country's concerns could assume success-promising positions in the struggle, precisely because there exists a growing opposition. If the emergence of the opposition serves as a pretext for those who defend the power to foreclose any substantive reform, this will not happen because the opposition is "excessive" in its demands, but because those who hold power are outmoded and fear the loss of power. The opposition has no reason to shut itself off from occasional or more regular cooperation with those who do not wish to join the opposition in a formal manner, (while the opposition may take into consideration certain reservations expressed on some occasions by its partners). The opposition must endeavor to accomplish such cooperation. And those who think differently but are outside of the opposition, including pro-reform party members, have nothing to fear about joining the opposition platform regarding certain issues, without formally aligning themselves with the opposition. They could even create unified action with the opposition. No one would be embarrassed as a result of such cooperation, as long as they observe the totality of their concept, and as long as the reform process is sufficiently dynamic.

I trust that all this goes to clearly show that the above-described criterion of being in the opposition does not constitute some kind of excessive radicalism. It does not rule out compromise, in fact it is a direct prerequisite to compromise. Real compromises are wrought between debating sides, each having a clear-cut profile. If only one of the debating sides—those in power—provides a clearly recognizable conception, and possesses clearly delineable positions and efficient means, the other side can only reach semi-compromises, or, at most it can capitulate.

At the same time this also means that the opposition, as perceived in the above sense of the term, must develop its own platform and program, on the basis of which the various circles and groups of opposition can cooperate. The opposition must also establish some kind of an organizational form, however loose that may be, in the

framework of which cooperation can become reality, or one that is capable to place the struggle in perspective, can plan and organize the opposition's main events, mutually and regularly exchange information, and present opposition achievements and concerns to Hungarian and international public opinion. This kind of cooperation cannot infringe upon the autonomy of the participants, but it would be difficult for the opposition to acquire a clear-cut profile without such cooperation. It would have difficulty in moving the masses, the weight it carries could not be optimized, and its voice could not be heard as clearly and from as far a distance as it could be otherwise. Without such cooperation the individual opposition groups would more easily fall victim to manipulation by those in power.

What could be the subjects of compromise?

Many things. Even matters that are part of the program. To a degree even the freedom of the press and of assembly. The only matter not subject to compromise is what must be the founding principle of the entire reform process: recognition in principle of the sovereignty of society, and in the context of sovereignty, the acknowledgement of the opposition's right to legitimately function. Its sphere and framework of activities, its accepted and proclaimed goals also could be subjects of compromise. It follows from the nature of social life and political struggles that every compromise can only be temporal, depending on relative strengths. Compromises demand from the opposition and the reform camp a permanent state of preparedness to fight; an excessive respect for (formal or informal) settlements leads to the loss of positions that have been once achieved.

Along with the way things stand now, the focal point of debate must not be the question of whether there should be socialism or, alternatively, a social order which builds on the principle of private property. It would not be particularly timely to discuss what other political parties would be needed in addition to the Communist Party.

The kinds of political forms, solutions and frameworks to be established by society cannot be decided today in the course of theoretical debates or from the speaker's pulpit. The most important thing is that no one should be able to erect artificial barriers in the path of social development. The thus far excessively overstated role of ideology must be reduced.

Insofar as I am concerned, I am inclined to believe that political pluralism which stems from the free organization of interests and the variety of proprietary forms, sooner or later will lead to a multi-party system. I believe that economic development not bridled by dogmas will, in the mid-term and in the long run significantly increase private ownership, and with that it will usher in a far higher level of efficiency within the productive and the service branches.

The present economic and political crisis presents the threat of state bankruptcy and of country-wide upheaval, if therapy is not administered, or is excessively delayed. Under such conditions it is indispensable to permit society to formulate its economic and political interest groups. One of the greatest lessons to be learned from 1956 is that without such groups, without the smooth-running functional mechanisms of such groups, without well-articulated political programs and rules of the game, events spontaneously take their own course, permitting various forces to forge ahead unchanneled and incalculably, perhaps in a destructive manner, and consequently transformation claims an unjustifiably large sacrifice.

Reform does not mean the overthrow of communist party rule. This would be inconceivable within the foreseeable future. On the other hand, the hegemony of the Communist Party can no longer be sustained either.

We have no reason to surrender, out of considerations of tact, the principle of social sovereignty and the opposition policies of sovereign social action because of the on-going transformation in the Soviet Union. Nor do we have to make the start and pace of our struggle dependent on the success of Gorbachev's endeavors. This we cannot do, if for no other reason because the struggle is going on already—it goes on not as a result of a few trouble-maker "professionals," but in response to a social need, and by the will of society.

Hungarian society's democratic transformation does not endanger Soviet interests, it does not dissolve the international balance of power, and does not disintegrate the prevailing system of alliances. In this crisis-ridden period our society is confronted with a choice: it either expresses a need for, and demands its sovereignty, and based on such expressions and demands begins to remedy its troubles, or surrenders the idea on grounds and under the pretext of "geopolitical realities." There are people who consider surrender to constitute the realistic policy. I stand on Ferenc Deak's side. He was not a revolutionary, but he professed that whatever has been taken away from the nation can be regained. Only those matters which the nation itself surrenders are lost forever.

**Janos Kis (philosopher)**

(1) The present crisis was preceded by an unusually long period of calm. It would appear as instructive to begin by answering the question of what served as a basis for the exceptional political stability of this broad quarter century.

One must begin by stating a historic fact. In 1956-1957 Hungarian society suffered total defeat. Society was unable to save any of the independent institutions established in October and November. Society had no recognized leaders or spokesmen left. Five years later, when those in power embarked upon gradual consolidation, they did so as a matter of convenience, not under the



force of duress. The defeated society had no political groups to criticize the order of consolidation coming from the top, no one to present a counter-plan for the consolidation, developed from the grass-roots up.

But the early trauma does not explain everything. The system had to provide something. I believe that the proceeds of the consolidation era may be summarized under two headings. One was called "the fundamental achievements of socialism." Under this heading one finds the guarantees of existential security: full employment, stable prices, pensions which held their value, below-cost public necessities, free education and health care, rents and public utility affordable to everyone. The other heading reads: "socialist national unity"—the one who is not against us.... It is more difficult to prepare a list of contents under this heading. The essence is that the leadership consciously tried to keep intra-societal conflicts at a low level. It gave up with campaigns to directly mobilize the population, it permitted that free time be spent with entertainment. It endeavored to provide an increased income to workers for their efforts, and tried to assure that the workers would be able to spend their money. It tolerated the step-by-step removal of ideology from culture and the sciences. In general, it permitted people to cautiously explore the holes and cracks in the walls of official regulations, and once they found those, to improve their lot or to reimburse themselves for losses suffered.

Needless to say, the change from the policy of restoration to a policy of consolidation did not take place in one stroke. This was a lengthy learning and getting-used-to process which included fluctuations and mistakes. Nevertheless, taken as a whole, it produced an unparalleled organic, cumulative evolution. This took place particularly in three areas: the evolution of the consumer market (in which the 1968 reform played a decisive role by freeing to a large degree the product market, even if it did not do the same with respect to the labor and capital markets); the strengthening of the second economy (1968 provided a boost in this respect also); and in the area of restoring the internal norms of science and culture. All these were accompanied by a series of tiny doses of concessions (as for instance the gradual broadening of the opportunity to travel). These were inexpensive from the power's standpoint, but meant tangible improvements in the population's life.

Solid existential security, the gradual easing of everyday life, relaxed growth: these were real accomplishment. Thus it comes as no surprise that society—recalling its 1956 defeat—did not want to risk these accomplishments by engaging itself in political struggles, the outcome of which would have been uncertain. An overwhelming majority continued to foster the illusion of healthy progress even when it was apparent that the entire situation was undermined. Let us recall the public mood in the early 1980's—by that time some East European countries have already experienced economic

catastrophe. But we Hungarians are better, more diligent, more clever, we can manage better, and our leaders know how to conduct our affairs.... Nor should we be ashamed to recall the more lofty, intellectual variation of this commonplace statement. They said that in East Europe two avenues toward a civil society were tried, the Polish way and the Hungarian way. The Polish way leads through the political organization of society, its aim is to limit and to control power. The Hungarian way is characterized by the development of an economic bourgeoisie. Its main characteristic is the evolution of a second economy, which, unnoticeably, and without provoking power conflicts, would also assimilate the state economy. Just like 1956 and 1968, the Polish way was bound to lead to catastrophe, while the Hungarian evolution of a bourgeoisie would continue to progress organically....

These beliefs prevailed even though by then the forced retardation of economic growth had already begun, and foreign trade statistics showed more clearly than daylight that Hungary, together with all of CEMA, was sinking down from the centerfield of world markets to a third world level, incapable of developing. Except for the fact that as long as the government was able to do so, it did continue its policy of conflict avoidance, even under restrictive conditions. The burdens created by restrictions were distributed so that only the peripheral strata suffered as a result of a spectacular deterioration of its conditions—people, who would not be able to even express their dissatisfaction. Misery once again became a mass concern—but only for the classic poor; it did not touch the strata critically important from the standpoint of political stability. For them, only the preservation of their earlier lifestyle became more difficult. Slowly they got accustomed to accelerating inflation, to the discontinuance of state price supports, and to the fact that greater efforts were needed to maintain the earlier accustomed to consumption styles. But the state broadened the area in which those greater efforts could be made: the strata of central concern were granted an opportunity to pursue private enterprise and a rather profitable, new form of enterprise overtime: the enterprise workers' business partnerships [VGMK]. Thus, the groups which determine public mood—elite workers and mid-strata white collar workers—did not experience a definitive psychological turnaround. As the years passed, only some latent ill feeling began to spread, as tightening did not relax and as a promised upswing failed to materialize.

The fact that the era of consolidation had expired was first manifested by leadership conduct, and not by those being lead. This was so, because the leadership was unable to bear even the spread of the incomprehensible ill feeling. In disregard of expert admonitions, the leadership in 1985 announced a new economic invigoration program. It promised more investments for industry, and higher real wages for employees. The direct result of the acceleration attempt was that the expert intelligentsia was alienated. It reached the conclusion that the



country's leaders have lost touch with reality and that they were helplessly drifting toward an economic catastrophe. The more distant consequences matured by late 1986. By then even the cabinet recognized that acceleration was unsuccessful, moreover, that the acceleration attempt itself has led to disturbances in the balance requiring immediate intervention. Suddenly, the leadership and its apparatuses became uncertain of themselves. They sensed that they were no longer masters of the situation. They knew that at that point they must subject the heretofore relatively protected middle-strata to some clearly hard sacrifices, while the leadership itself could not tell whether they can avoid economic collapse even at that price. They were unable to hide their own confusion from society. The strata upon which the system's political stability rested before were filled with disappointment, bitterness and anger. And there no longer were at hand some independent authoritative intellectuals, who in earlier days played so great a role in formulating public opinion favorable to the leadership. Even before the worst consequences of the economic crisis matured, we found ourselves in the midst of a political crisis.

This is the crisis of the consolidation course. It was the keeping of Hungarian society in peace for a quarter century that led to this crisis. The soviet-socialist model of existential security and the minimizing of conflicts was based on an economic system, which, in its essential features remained the same since 1948, in which macro-economic processes were coordinated primarily not by market forces, but by administrative and hierarchical relationships. Or, more accurately, despite all reform endeavors, the economy could not break out of the hierarchical model, because the stability of the system was tied to soviet-socialist formulas for existential security, and to the avoidance of open conflict. This conception, however, set limits to the potential of the consolidation course. Political stability could be preserved only as long as national income growth was sufficiently fast. The increments of growth were able to satisfy industry's unquenchable thirst for investments, the prestige expenses of the apparatuses, consumer price supports, the employment of inefficient people, and the simultaneous increase in the earnings of any social group which was capable of expressing dissatisfaction—all at the same time. Economies with hierarchical organizations, however, can produce acceptable growth rates only as long as cheap resources to be drawn into production are abundant. Such economies begin to stagnate as soon as labor and raw materials become more expensive. From Hungary's standpoint this situation became threatening in the early 1970's, when, for all practical purposes the mobilization of village labor-force reserves came to an end, and the rate by which Soviet raw material and energy resource deliveries increased broke down. The leadership did not respond to this challenge by announcing a fundamental transformation of the economic organization. Instead it responded with fatal postponements. Coincidentally, it was during the same period that the leadership turned against the idea of even a half-way

1968 reform. Taking advantage of abundant Western credit offers, the leadership financed an unchanged pace of growth from borrowed money. Indebtedness made it possible to preserve political stability for yet another decade, without surrendering the consolidation course. But at the same time this also caused a situation in which we no longer experience economic growth. It tends to stagnate. Instead we are witnessing a sudden decline in economic growth, the disintegration of the consumer market, severe supply problems and rapidly mounting inflation.

If the economy collapses at one point in time, it will be very difficult to recover. This is so not only because "the low level traps of a lack of balance" would constantly pull us down. It will not be easy to find a clear program for escalation either. During the 1980's leadership resistance to reform ideals has diminished. In the midst of uncertainty, sooner or later the leadership will be willing to try any idea, without, however, presenting a coordinated, comprehensive reform strategy. In this manner an outward appearance will be created by which all endeavors are being fulfilled, while in reality no substantive change is taking place. Our bankrupt economy will present the mirror image of market economies: there will be commercial banks, corporations and insurance companies, and there will be securities trading and private enterprise—except that there will be no functioning marketplace. The political sphere will be flooded with corporatism, so many representatives of interests will represent so many interests that in the end we will not be able to keep count of them. There will be independent movements and associations, there will be real parliamentary debates, perhaps even groupings of representatives based on common views will come into being—except that there will be no functioning pluralism.

But the disturbance in external orientation will be even more severe than the internal disturbance. No new hopes will be tied to the Soviet Union and to CEMA. It is obvious that we can expect no cure for our troubles from that direction. But public opinion may easily become doubtful about the other direction also. Let us not forget that regardless of what basis the present crisis has, Hungarian crisis processes emanate from Hungary's Western financial dependence. In this respect Western creditors will exert increased pressure, the International Monetary Fund will offer package plans for the limitation of consumption, there will be Neckermann department stores for those who have convertible foreign exchange, and there will be empty Kozert [Hungarian grocery store chain] stores for those who do not, a stunning increase in smuggling will take place, there will be a foreign exchange black market with incredible exchange rates, and we will have a prosperous Vaci utca and a disintegrating Vaci ut—in brief: the West will mean to Hungary what the United States means to the masses of less fortunate Latin American countries. Let us think for a moment: how will all this affect the spirit of a society which never had an opportunity to really digest the ethos of the market, of democracy and of liberalism.

(2) Considering this outlook, is it at all worth to think about various reform possibilities? There is no cause for exaggerated optimism. At the same time, however, we should take note of the fact that crisis not only produces dangers, it also creates new opportunities. The stability of the consolidation era stood in the way of fundamental changes. The end of stability opens the door to changes.

On the one hand, never before was the leadership and its apparatuses as uncertain about which elements of the system must be treated as untouchables and permanent, and which ones are subject to experimentation and transformation. On the other hand—and I view this as more important—the conservatism of those strata upon which consolidation rested, was shaken.

Official spokesmen nowadays frequently complain about the fact that society is more dissatisfied than the actual deterioration of its situation warrants. Indeed, the financial condition of strata capable of grumbling did not deteriorate as spectacularly as their agitation has strengthened. But would not this suggest that there is much more to the situation than the relationship between wages and prices? I believe that there is a justified assumption: the outrage is of a moral nature, and is directed at the state which has surrendered its obligations as a patron, obligations, for which the subjects felt that on their part a client conduct was justified. The entire customary model of coexistence between the state and its subjects came into question. People did not lose forints, instead they lost a life-style, which was enabled by secured existential conditions on grounds of "the fundamental achievements of socialism" and of "socialist national unity." It is certain that the general disappointment and anger contains much retrospective emotion: a desire to restore the good old days of consolidation. But since the past cannot be resurrected—irrespective of what it was like—one cannot rule out that the strata having decisive political significance will become receptive to another model of social coexistence.

Insofar as I am concerned, I believe that the primary task of comprehensive reform programs would be to demonstrate that an alternative model is possible, one for which it is worthwhile to accept the unavoidable sacrifices.

Above all it must be made clear that the kind of economy—the regulated, mixed market economy—whose mechanisms are capable of stopping the process of sliding down to the level of the stagnating third world regions, cannot be reconciled with the social assurances of the consolidation era. One cannot respond to global economic challenges and at the same time provide administrative guarantees for a life without losses and conflicts. A market economy—as long as it functions—cannot be protected from the outset against say, inflation or unemployment, and it unavoidably opens up social conflicts. For this reason it must be tied together with a social institutional network and a political structure which is different from what we have become accustomed to. The social concerns of the well-established

strata must be settled primarily in the market context, and within insurance and other forms, while we must maintain the concept of redistribution by the state for the poor and the unemployed, unable to provide for themselves and for their dependents. In the political sphere there is a need for some institutions suitable to complete pursuant to rules the struggle presented by conflicts, starting with trade unions, through a functioning Parliament, all the way to a legally circumscribed freedom of the press and to effectively protected citizen rights. One must demonstrate that an economic, social and political system of this kind would not be in conflict with the people's sense of justice: it would not abandon those in need, it could manage the inequities in income and in assets within acceptable limits, it could deal with the problem of unemployment, and it would produce other advantages, beyond economic achievements. It would bring us closer to the ideal of the equality of citizens, it would yield greater autonomy and stronger legal protection to the individual and to the minority vis-a-vis the state, and it would broaden the spectrum of choices in life paths.

This is not something new in world history, we are not talking about designing a social formation which is of a higher order than anything that had existed before. The task is not for us to show to the world what the future will bring. The task is to stop the downfall of our own country. If in the course of these changes we would also enhance the resolution of a historic task, I see that task in Hungary's catching up with European development. The institutions which are to be made organic, the cultural patterns are familiar. We are familiar with both their advantages and disadvantages. We must face them soberly.

We must use the same sober approach in assessing the limiting conditions within which we can take the foreseeable initial steps. We must count on many limitations: traditions (aversion to some liberal values), economic features (the overgrowth of the state sector cannot be reduced overnight), geopolitical constraints (the global situation established at Yalta cannot be liquidated in one step). Comprehensive reform programs must demonstrate that it is possible to compromise between the requirements of catching up on the one hand, and our features which serve to limit our choices, on the other.

I feel that these desires well summarize the governing endeavors of known reform programs. It is uncertain whether all recognized reformers would agree with my definition of the task, but, for instance, I believe that this concept is not far removed from the intents of "Turn-around and Reform," and of course it well covers the fundamental ideal expressed in "Social Contract." I believe that it is noteworthy that expressly communist reformers, among whom Mihaly Bihari, the author of "Reform and Democracy" is certainly the most significant, also aim in their recommendations for solutions for a compromise between the process of becoming pluralistic on the one hand, and initial conditions of constraint, on the other.

It is, of course, a different matter how various individuals would position themselves in the political arena of a pluralistic democracy (BESZELO would be somewhat left of center). And there are differences also in regards to the choice as to who views what as an unsurmountable barrier in the short term, alternatively as features which must be taken into consideration in the long run. And there is no unanimity either with respect to the ranking of problems that await resolution. Accordingly, debate is unavoidable, and this is natural. But it is at least equally important that the mutual gravitation of viewpoints regarding fundamental issues is strong.

(3) I do not believe that this would be the appropriate time to present complementary suggestions for reform. I would much rather use the available space to discuss the political problem of being a reformer.

At the outset, in 1966-1968, but even during the first half of the 1980's the term "reformer" was synonymous with the expert drawn into the preparation of decisions. He worked in closed committees; his notes were marked "confidential" before being presented to decision-makers. Around the mid-1980's a radical group emerged from the circle of bureaucratic reformers. The members of this group wanted to address society—not only the leadership. Since crisis gained speed a third form of reformist is taking a characteristic shape: its representatives would like to see the party's democratic renewal at the center of reform, and they would like to address primarily those communists who can be mobilized to act in the interest of this cause. And finally, there are those opposition circles like BESZELO's. Our hoped-for addressee is that part of society which does not place its trust into reforming the apparatuses, which does not wish to gather around the party movement, but instead is one which could serve as a basis for independent movements and organizations.

This differentiation is a positive phenomenon, and perhaps it projects the image of a future pluralistic political process in which various forces participate. But since under given constraints one cannot perceive a solution other than compromise to the country's crisis, (unless one plays in the hands of catastrophe,) I believe that everyone should be pleased with the stratified nature of the reform camp. (And with this I do not wish to say that I know of anyone who plays in the hands of catastrophe.)

We must take note, however: the political forces cannot be found in the reform process. The leadership does not have a pro-reform wing (at most there is a reform politician here and there); if there are signs that suggest the possibility of a party movement, those signs are faint. The inertial resistance of the apparatuses has perhaps weakened, but it did not result in their becoming active reformers. And we also must be cautious about counting on mass social dissatisfaction turning from grumbling into collective action. For this reason every reformer speaks mostly to the same white collar audience which intensely debates the alternatives faced by the country,

even though it hardly organizes itself. It is likely that the surprising unity of mind within the reform camp is partly a consequence of this paradoxical situation; if political forces—moreover if, in part, different forces—would be tied to the various programs, it is likely that the distance between the programs would increase. But for now, I do not wish to ponder various ways in which possible differentiation could occur. This cannot be predicted anyway. I would call attention to one threat, which rests in the present pre-political situation.

The weakened leadership needs to be sanctioned by some external authority. It would appear that there is no chance that any recognized intellectual authority would step forward and publicly support the leadership. But the leadership could strengthen its situation if it were to declare that it has conducted dialog with those who think differently. Dialog legitimizes the leader, it assures him of recognition, without incurring any obligation. The leader has heard all views, he implemented everything that could be implemented under the given conditions....

I would not recommend for anyone to rule out dialog. On the other hand, I am equally aware that mere conversation can change into negotiation only if political forces support the partners. But a few things could be done already at this point so that dialog does not turn into mere rhetoric which discredits and demoralizes those who join in dialog. I believe that insistence on openness is most important. No one has anything to convey to those in power that would not be of concern to public opinion at large. The right to freely communicate must be acquired—a right, and not only a one-time privilege, which then would also mean that this right is conveyed to every Hungarian citizen, and not only to those who "think differently" and are engaged in dialog. A right to take collective stands in public must be acquired, which, in addition to the right to conveyance must also include the right to assemble and to associate. These rights can be attained. Increasing pressure is descending upon the arbitrary, official control of the press, of assembly and of association. The danger of reformers being cast into dubious light under the pretext of dialog would be largely diminished, and all of society would gain something which perhaps would facilitate its stratification into political forces if it were possible to accomplish a breakthrough in this respect.

**Laszlo Antal—Laszlo Lengyel (economists)**

We are responding jointly because at most it is our blood pressure, not our views that differ in regards to fundamental issues. (By responding jointly we also spare the reader from reading repetitions). But we also would like to express the fact that the ideological platform upon which the material entitled "Turnaround and Reform" came into being continues to exist, and that we intend to develop more specific proposals built on better foundations. We believe there is a need for such work.

(1) It is hardly a question whether there is an economic crisis. The achievements of the Hungarian economy have been stagnating for a long time. Taking exchange rate deteriorations into consideration, the achievements have declined. At the same time external tensions related to balance were left not only unresolved, but substantially aggravated. Tensions pertaining to external balance have spread in recent years to affect internal conditions also. This is indicated not only by the sudden emergence of a budgetary deficit which is difficult to fight, and not only by the permanently high rate of inflation, but also by the deterioration of cooperative relationships and the frequent functional disturbances of the domestic market. The areas of crisis are multiplying, branches and enterprises experience long-term decline (and as of recently signs indicate that some more determined steps will be taken in the interest of resolving this problem).

An increasing number of enterprises experience marketing difficulties as a result of a tighter domestic investment market and a deteriorating competitiveness in world markets. At present these difficulties cannot be resolved by increasing exports to socialist countries—exports which are not offset. It is hard to judge whether in recent years the retardation of production (or tactical games) has increased, nevertheless it is fact that since the beginning of the decade this phenomenon appears as more severe than before. This is probably so because of frequent changes in economic management, the forcing of an export surplus, the prevalence of administrative features in import management, and functional disturbances in the domestic market.

The protracted economic stagnation, the socialist "stagflation" could be tolerable if in the meantime one could discover signs of structural adaptation. The truth is that the deterioration of the export structure (the proportionate increase in the export of product groups which we ship abroad as a matter of constraint, under unfavorable terms) has accelerated in recent years. In regards to product groups which represent modern, (not high!) technology we are being squeezed out of world markets. This means that we are unable to satisfy the needs of our trading partners. (Our proportionate share in world trade is also declining.) We have achieved modest results in reducing energy demand (an approximate reduction of one-third of what developed industrial nations have achieved), and the improvement in material-need is outright insignificant. Of course, there are enterprises which adapt themselves successfully, but their number is probably small. From time to time the mass communication media and the press present such examples, but all this amounts to not much change insofar as the the total picture is concerned.

Summarizing the above, by now a library could be filled with studies and analyses which prove that

1. behind the accumulated tensions there are decades of accumulated structural tensions which we did not notice during the second half of the 1970's only because external indebtedness assured that despite of losses suffered,

neither the launching of investments, nor growth in consumption had to be curtailed. By now it is obvious that these tensions may be overcome only at the price of great social sacrifices;

2. the Hungarian economy is not achievement-oriented and is not adaptive; and

3. the danger of being squeezed out, or gradually squeezed to the peripheries of global economy is real, (this may happen in the course of constrained actions, even if no one wants it to happen).

The above-listed phenomena exhaust the crisis criteria, even though thus far there were fewer surface indication of a crisis (bankruptcy, unemployment, the reduction of real wages) than in market economies. Perhaps we succeeded in conveying the sense that we are not talking merely about a [foreign] boom-related crisis—the temporary tightening of securities markets, or world market price trends unfavorable from Hungary's standpoint. Undoubtedly, these factors have contributed to our troubles (just as the strengthening protectionism does), but by far, this is not the decisive issue. In our judgment, the essence is that the presently functioning economic, institutional and social mechanism does not permit adaptation.

Most certainly, the economic crisis cannot be treated as the "internal affair" of the economy (if this were a [foreign] boom-related crisis an approach of this nature would be appropriate). The crisis impacts upon society, and upon the functioning of the political institutional system.

For the time being, we cannot talk about a social crisis, since this is not a scientifically definable concept. Societal crisis exists if a majority of society, or at least the majority within groups of society which are capable of bargaining recognize a given situation as crisis. Thus far, however, it was possible to protect a majority of society from the larger part of unfavorable effects (by virtue of reduced investments and increased indebtedness), and for many, true: by virtue of sacrificing one's free time, the second economy offset the reduction in income produced by the primary economy. Entrepreneurial autonomy (just as rules and regulations pertaining to passports) create a good general feeling, even though these changes do not strengthen social cohesion.

Nevertheless fear, lack of confidence, enervation, and a feeling of having no way out can be experienced, and this is not even an exceptional phenomenon.

A part of the intelligentsia already experiences the present period as a crisis. There are some who view the present developmental period from a societal standpoint and interpret it as a general crisis of civilization. They view it as the sign of a declining civilization, against the effects of which Hungary could not shelter itself either. Yet others view the general crisis as one in which the

CEMA model is the determining factor, a model in which individual or communal initiative is unable to evolve, in which the rigidity of the political mechanism stands in the way of economic adaption, etc. We are aware of other opinions also, which trace the economic crisis to the fact that division within society has increased to an extent that it became unbearable, with the masses pushed to the peripheries, and those who have become impoverished emerging in the economic theater.

Others view the Hungarian crisis as the result of the post-1956 general development, social distortion and dead-end street development. The disintegration of moral principles, a lack of social consensus and confused values finally also resulted in adverse economic consequences. The distorted social development of 30 years could not be compensated by periodic economic accomplishments. To the contrary: in the final analysis social development spelled out the lack of economic results.

A strong deterioration of the general mood can be experienced even within circles in which the feeling of crisis is not characteristic. Among managers a crisis of confidence has evolved with respect to the government's financial management. Frequent interventions, the sometimes incalculable changes in rules and other regulatory means rendered elementary existential conditions for rational management and enterprise leadership uncertain. Promises of reform and structural change have faded out, and already decided, high caliber changes have gotten stuck on the obstacle course of a bureaucratized, heavy-handed decision-making mechanism so many times, that they have lost their mobilizing force. One should not have to trust good intention, but instead should have faith in the firmness of the written and unwritten rules of the game, and in an agreement on fundamental intents (not only those declared). This is missing today.

Ady wrote: "Thus far we found our way by invoking the anecdote of the two Jewish tradesmen. 'Stern says that he is going to Lemberg. Accordingly, he is going to Lemberg.' If they say that 'we will not do so,' then we can be absolutely certain that they will do so. And matters which they have firmly promised to do will suffer an even worse fate."

Among our recurring fears is what has also happened in the past, namely that the attempt to catch up will alternate with being swayed to the peripheries, with seclusion. It is sad, but a few years ago many believed that Polish society experienced its crisis by virtue of its own fault, such as wasteful spending and an insufficient level of work morale. Nowadays, on occasion we are telling ourselves that all we would have to do is to perform better.

Insofar as we are concerned, we believe that the slow, gradual enrichment, bourgeois development, consumer, and in part entrepreneurial autonomy that began in the

middle 1960's becomes a questionable phenomenon if the crisis deepens. Doubtless, part of the civilization-related problems of humanity do have an impact on us, and it is beyond debate that the crisis of the "real" socialism model's crisis touches us too, but the present crisis may deepen into a social crisis because the post-1968 half-and-half indirect economic management, and the centralized political establishment which remained largely in its pre-1968 form stood in the way of the evolution of individual aptitudes and abilities, of the healthy evolution and later the integration of partial interests (and for this reason the situation fails to enhance identification with goals), and of the development of an achievement principle.

(2) The various programs which have emerged thus far share the common feature that all recognize Hungary's crisis and seek a way out of it. The differences are in the evaluation of the signs and causes of crisis, and mainly with respect to the approach to political reform. "Social Contract," "Reform and Democracy" and the "Statement at Lakitelek" sense a societal crisis, and seek a way out through the immediate implementation of political reform.

"Turnaround and Reform" believes that there can be no economic reform without political reform, and that there can be no political reform without economic transformation. One must endeavor to achieve the joint and comprehensive implementation of both. Both the party's evolutionary program and the government program emphasize continuous economic reform, which is complemented by the slow, step-by-step further development of the political mechanism. We believe that only the rapid development, public parliamentary debate and implementation of a unified reform program package could be effective. Unless a short-term economic, and by now, a political consolidation program on the one hand, and a longer-range economic and political reform plan on the other, are not in harmony, the most profound political statements and promises will amount to no more than the perception of taking "slow steps" on grounds of pragmatism. Different economic and political laws prevail in societies where self-governance is the chief proprietary form, which is flanked and complemented by state and private property (this concept was treated in "Reform and Democracy"), and where self-governance and stock corporations produce a peculiar mix ("Social Contract").

The situation is different if they are formulating an evolutionary program (party and government program) on the basis of the superiority of state property that remained after the 1985 change in state-administered property and direction, and with respect to the complementing self-directed and private property.

"Turnaround and Reform" stands on the basis of a plural and egalitarian property system. It has no "main forms," instead it recognizes the self-directing, the various cooperative, the self-governing, the state and the

private properties—all having equal ranks—as the primary forms of property, and the stock corporation, the limited liability corporation etc., as the secondary forms of property. Competition among the various forms of property, the freedom to transfer from one form of property to another would be guided by the capital's ability to attract greater return.

Quite naturally, this would result in a differentiation of interest representations, and in a diverse sorting out, and mix in the political establishment of democratic organizational principles (the corporate, the parliamentary representative, the self-directing direct participatory, and the bureaucratic regulatory principles.) The pluralistic development of the political establishment would take shape differently, if we were not to "disturb" it within the framework of the single party system ("Social Contract," "Reform and Democracy"), or if we were to recommend such pluralistic development within the corporate framework (as Bela Pokol did in VALOSAG), or realize it within the PPF (Lakitelek), or if we were to permit the existing intra-party pluralistic development to surface then mold it into a form (as "Turnaround and Reform" recommended the recognition of freedom with respect to platform and factions, the implementation of the internal democratization of the party, etc.). We do not know what kind of political reforms the party and the state leadership is working on, we can express an opinion only after the public announcement of such reform plans.

What can be realized? Implementation depends to a lesser extent on program contents, and to a greater extent on time and strength factors. How much time do we have? What kind of program can attract the masses and the people abroad as well as in Hungary? During a two-week period in 1848 thirty-one laws were drafted and approved by those who argued for decades and debated each and every paragraph for years. And a country which appeared to be dead became suitable to have an independent ministry, an equal sharing of the public burden, a free press, and European institutions. Were the earlier programs realized? Yes and no. Nevertheless it is our task to repeatedly draft such programs, as long as that is possible. We must transcend that state of affairs when programs become intellectual niceties, tests of courage, and life and future programs which do not apply to significant groups of society. We must transcend the condition in which we do no more than talk, and fail to act according to what we have said.

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## POLAND

### PZPR Voivodship Plenums Reported

#### Social Support for Reform Sought

26000239 Warsaw TRYBUNA LUDU in Polish  
27-28 Feb 88 p 2

[Article by Tadeusz Wiacek: "Plenum of the Kielce Voivodship PZPR Committee—Political Support for Innovative Changes"]

[Text] On Friday, the Kielce Voivodship PZPR Committee [KW PZPR] held a plenum meeting to discuss the problems of ideological and political work since the 6th Plenum of the PZPR Central Committee. The meeting was chaired by KW First Secretary Jaroslaw Motyka and was also attended by the director of the Central Committee Ideology Department, Andrzej Czyz, and the vice-director of the Central Committee Socioeconomic Department, Maciej Lubczynski.

The participants formulated an answer to the question of how to conduct ideological and political work so that public support for the reform program can be more skillfully obtained. It was stated that the economic practice of recent years has not created a favorable field for getting the public behind reform efforts.

It was stated that the discrepancy between one's own work, earnings and the supply of consumer goods is not just an isolated problem among certain individuals. It has always been a part of policy to find ways to meet the people's needs. The meeting therefore considered means of enhancing the position and authority of PRON, the people's councils, self-government and of public organizations and associations. The plenum participants also discussed the problems of changing the work style and methods of the voivodship party organization so that it can better fulfill its tasks. It was pointed out that 90 percent of the problems handled by the party are the result of everyday difficulties that dictate forms of intervention that have nothing in common with party policy. At the same time, the need to get involved in so many minor matters weakens the party's authority.

Much was also said about the shortcomings of routine party training.

### Consumer Goods Industry Faltering

26000239 Warsaw TRYBUNA LUDU in Polish  
26 Feb 88 p 4

[Article by Jan Kraszewski: "How to Make Light Industry More Productive"]

[Text] Lodz. In accordance with the National Socioeconomic Plan, Lodz's industrial production should increase by 3.4 percent in 1986-1990. Production by light industry should also rise by some 3 percent. "The achieved results," said Adam Walczak, secretary of the Lodz PZPR Committee, "have not kept up with these plans and are lower than the average figures achieved in the rest of the country".

The materials presented show that the most important issue today is providing light industry with the materials it needs, above all, cotton, wool and synthetic fabrics. The plants have all complained about shortages of these materials. It was therefore good news when Stanislaw Jaros, director of Textilimport, announced that at the end of the first quarter, earlier production orders would

be fulfilled and that this would allow textiles plants to even build up a reserve stock. This means that the Central Annual Plan's requirements will be met.

This information was received with a sense of relief but everyone also agreed that more must be done to resolve the problem of the use of imported and increasingly expensive materials. Greater production of consumer goods must result from higher work productivity because this voivodship cannot count on getting any more workers than it already has.

Mirosław Kolasinski of Pamotex pointed out the increasing rate of modernization in the textiles industry. Meanwhile, Wiesław Walczak of Polmo saw the brigade work system as another form of modernization. Participants also called out for a search for new organizational and economic ideas because practice has already shown that simple measures often produce great savings in personnel and money.

Józef Niewiadomski, first secretary of the Łódź PZPR Committee, asked: "But why are the successful enterprises being audited? Is it because we no longer have the time to audit the weaker ones?"

During the second part of the meeting, participants discussed realization of the resolution of the 14th Conference of the Łódź PZPR Committee.

#### **Wage Discussion Dominates Session**

26000239 Warsaw TRYBUNA LUDU in Polish  
26 Feb 88 p 4

[Article by Czesław Kubasik: "Conclusions From Discussion of the Economy"]

[Text] Walbrzych. In many POP's [primary party organizations], comrades have trouble implementing efficient methods of party work under the new management conditions. The diversity of problems and issues that they deal with everyday shows that there are no answers to many questions and that these comrades are unable to take an unequivocal stand on many of the activities taken by the union organizations or worker self-management. At the beginning of the plenum meeting of the Walbrzych Voivodship PZPR Committee which was dedicated to the role of party cells in the realization of the second stage of economic reform, Secretary Kazimierz Drożdż, in the name of the KW executive board, said that such situations may cause a sense of helplessness.

A machine-operator from the Lower Silesian Mining Works, Zdzisław Piekarczyk, said that workers most often ask when their basic pay will become a fundamental wage rather than a combination of various bonuses and premiums. They are also critical of the mess that has been made of work standards. There is only one answer to this criticism and that is that there will be an improvement when work establishments can set their own wages.

The discussion also emphasized the fact that basic party cells and their parent organizations should take extra care to see that the second stage of economic reform is consistently and successfully implemented. It is necessary for party members to not allow high increases in the cost of goods made at their plants nor to allow inefficient use of any sort of tax deductions and exemptions such as the freezing of taxes on excessive wages.

The session was chaired by the first secretary of the KW PZPR, Józef Nowak, and was also attended by the director of the Central Committee Socioeconomic Department, Marek Holdakowski.

12261

#### **Sejm Considers PRON Proposition for National Video Library**

26000217h Warsaw RZECZPOSPOLITA in Polish  
30 Dec 88 p 5

[Unattributed PAP report: "A National Video Library: A Program of Action"]

[Text] What role should a national video library play in our culture? A discussion of the program and organizational plan of this institution, equal in importance to the National Library, is under way.

In response to a PRON initiative the Sejm decided to found a National Video Library and appended the decision to the law on cinematography passed in July 1987. In accord with the intentions of the Sejm this new institution would primarily be a central archive and would be a place in which feature and documentary films and performances done for theater and television would be preserved. Phonic recordings would also be kept here.

Nevertheless, the program of activities by the National Video Library should also play an important role. It will arrange for the making of films of important events in our cultural and social life and conduct didactic and popularizing activities, and editorial work.

The program and organizational plans of the operations of the National Video Library were discussed on 29 December 1987 during a meeting of representatives of the Commission for Culture of the PRON National Council and the Sejm Commission for Culture, the Culture Section of the PZPR Central Committee, and the Ministry of Culture and Fine Arts. As Jerzy Ozdowski emphasized, the foundation of the National Video Library will have important consequences for the future shape of our national culture, which will be enriched with many valuable pictures both of our past and of our times. The Program developed will require gradual implementation over many years, new legal instruments, a search for organizational methods, and also financial resources.

13021



**Grunwald Society Sets 1988 Agenda**

26000217b Warsaw *RZECZPOSPOLITA* in Polish  
17 Dec 87 p 2

[Unattributed PAP report: "The All-Polish Grunwald Committee Met"]

[Text] On 16 December 1987 the Presidium of the All-Polish Grunwald Committee met, Kazimierz Barcikowski presiding. The plan of work for the committee for 1988 was discussed.

During the coming year, tasks associated with putting into action the Grunwald research program which has been theoretically studied and confirmed, competitions in culture and fine arts which the committee will announce in 1988, and the problem of using the Grunwald tradition in training young people will move to the fore.

13021

**Defense Committee Meetings Reported**

26000217c Warsaw *RZECZPOSPOLITA* in Polish  
16 Dec 87 p 2

[Unattributed report: "Meeting of the Voivodship Defense Committees"]

[Text] The Bialystok and Szczecin Voivodship Defense Committees met. The Bialystok Defense Committee in a joint meeting with the Presidium of the Voivodship People's Council considered the cooperation of the Defense Committee with the people's councils in the strengthening of civil defense. The Defense Committee also familiarized itself with the preparations of the voivodship's communal services for winter. The Szczecin Voivodship Defense Committee considered, among other things, issues associated with the release of the next annual cohort of soldiers to the reserves.

13021

**Defense Committee Meetings on Defense, Law, Order**

26000217i Warsaw *RZECZPOSPOLITA* in Polish  
23-27 Dec 87 p 2

[Unattributed PAP report: "Voivodship Defense Committees Meet"]

[Text] The Voivodship Defense Committees in Ciechanow, Krakow, Krosno, Torun, and Walbrzych met.

The Ciechanow Defense Committee evaluated the security and public-order conditions in the voivodship; Wlodzimierz Mokrzyszczak participated in the deliberations.

Gen Arms Czeslaw Kiszczak participated in the meeting of the Krakow Defense Committee, which evaluated the implementation of tasks during 1987 in the area of defense and established the major directions and tasks for the coming year.

13021

**Coauthor of Episcopate Youth Report Defends Church Role**

26000312 Warsaw *KONFRONTACJE* in Polish  
No 1, Jan 88 p 11

[Interview with Grzegorz Pienkowski, by Marek Boguta]

[Text] Grzegorz Pienkowski is 34 years old, married, an adjunct professor in the Geological Institute, for many years a youth director in the Catholic Intelligentsia Club in Warsaw, a former delegate to NSZZ Solidarity Mazowsze Region, and a member of the Primate's Social Council.

[Question] You are co-author of a report on the young generation, prepared for Primate Father Jozef Glemp...

[Answer] Yes. The Church has centered its attention on the problem of the young generation.

[Question] Should we call it a "problem?"

[Answer] But of course. The amount and type of negative influences affecting the youth are growing disturbingly. The Church, with its pastoral, prophetic and social mission, cannot help but see this.

[Question] What, then, is the picture?

[Answer] Alarming. The youth do not feel that they are seen as political and social beings, but as an object of penetration in a system which does not meet its aspirations. They regard the prospects of living a stable and independent life as very murky. They do not want to educate themselves. They must take on a second job. They regard studies as prolongation of a period of relative unconcern, and not as a means of obtaining knowledge. The work ethic is breaking down because the young people do not see it as a criterion for professional and material advancement. More and more of them do not adapt to married life, childbearing and fatherhood. All of this is a threat to the existence of today's Poland and its future.

[Question] But this is not the picture of all of Polish youth.

[Answer] These are generalizations, but... We have said that the challenge of the present reality, as the youth perceive it, evokes three basic types of attitudes: adaptation or conformance, escape, and action aimed at changing the surrounding reality.



[Question] Then these are not all negatives?

[Answer] No. But the extent of the first two cannot help but arouse fear. Abandonment of one's convictions or access to circles of authority merely to draw personal benefits is psychic dissonance and in practice, social and civic passivity.

[Question] Does this frailty also apply to the believers?

[Answer] They are not free of it, either. Just as from the attitude of "escape", even the physical kind. How very many people have left the country. Of course, everyone has a right to do so, but after all, this is an impoverishment of the nation's biological and intellectual potential. "Escape" is not just emigration. It is also a reluctance to perform duties, a narrowing of social ties to the closest family circles, a refusal to act on behalf of one's environment. And these, the worst phenomena—a kind of counter-culture: frightening alcoholism, drug addiction, prostitution, thievery, banditry. Those are the consequences of this lack of subjectivity, faith in real prospects for the future, finally boredom...

[Question] Do you not believe that an escape into religion is also becoming such an attitude today?

[Answer] That may be, but only when religion is regarded as a psychological antidote to daily stress and not as an externally objective truth giving meaning to life. Religion as Truth cannot be an escape because it makes an additional demand for an active attitude.

[Question] But this is the first regard for religion and the Church begins to prevail...

[Answer] Contrary to appearances, no. A desire for internal authenticity as a natural reaction to the deficiency of truth in the surrounding world dominates in the needs of the young people coming to the Church. Hence the understanding of Religion as objective Truth, provoking activeness.

[Question] In this statement should we perceive a conviction that active attitudes predominate among the believers?

[Answer] Of course not. Both the believer and the nonbeliever pay for being active. They "pay" because often they try to transform the unsatisfying reality at the cost of risking the animosity of their environment, lowering their social and material position. But that is why they are the most valuable part of the young generation.

[Question] Can you describe the extent to which the particular attitudes appear?

[Answer] No, because we have only attempted to obtain trends. In actuality, the attitudes of many of the young are mixed. Anyway, the hope for a return to greater activeness appears in many of them. The memory of this

remains in their consciousness. Perhaps under the right circumstances this will appear to a greater extent than heretofore. This makes the picture of the young generation a little less sad. There are, after all, those who "return from abroad." And the youth are not losing the sense of the rights to which they are entitled. The experience of 1980-1981 events, which aroused hope for fuller implementation of these rights, remains vivid to them. But it must also be said that the increasing lack of hope for better fulfillment of such things as, e.g., housing, now being observed, may lead to more dangerous attitudes than those that we have reported. Towards terrorism, for example. Behind such a terse journalistic statement as the "growing period of waiting for housing" we find a homeless person. One who is desperate and ready to do anything...

[Question] In the face of this, what kind of remedy do you advise the Primate Father to apply?

[Answer] Our opinions are only one of many. In suggesting remedies we must take into account the Church's capabilities. They are limited. The Church does not have direct influence on education or housing policy, for example...

[Question] But money for construction of spectacular churches—in the opinion of many people, the Church could ...

[Answer] ...allocate it for housing construction—that is what you wanted to say? Well, the money for construction of churches or parishes comes from people who designated it exclusively for this purpose, expecting that it would satisfy other needs, religious and esthetic, rather than housing construction. The problem of housing construction should be corrected by making repairs to its system and not by spending money on it. On the other hand, the strength and influence of the Church lies in its moral authority and this will be used to overcome morally dangerous tendencies.

[Question] Used in what way?

[Answer] By underscoring two values which determine the attitude of the young Poles as, first: an aware Christian who understands that here on earth an ideal order cannot be built and that suffering is a part of the reality of this world, and that without regard to circumstances he has a duty to satiate the earthly reality with the spirit of the gospel. Second, a patriot aware of his duties to his own nation—duties which are greater when the position of the Fatherland is more difficult. We want to teach these values by arranging vacations for children from poor families, something on the order of a "Covenant of Families" campaign, popularizing artistic activity, organizing pilgrimages and summer camps. We even plan on publishing a newspaper for the young people.

[Question] The Church as a center of social upbringing or even a political institution, over the Church—a religious institution? Does not the Church risk being charged with indoctrination, at the very least?

[Answer] It may be risking that, but it is aware of its mission to serve and is not out to take over authority. These measures are intended to serve people in their internal and material needs. In the parishes, for example, we want to organize amateur theaters, which the cultural centers do not have. We encourage people to establish labor cooperatives to build houses, which we also lack. We want to expand the "Sobriety Movement." This goes beyond the teaching of religion and politics. In any case, 30,000 priests is not enough. We must bring lay people into this enormous work.

[Question] The nonbelievers also?

[Answer] Also the nonbelievers. Lack of faith need not prevent involvement in positive activity, the cultivation of the genuine values essential for man and society.

[Question] But are you not overestimating the strength of the Church's authority? Many young people are leaving it...

[Answer] Rather they are afraid to come. The demands set forth by Christianity are high and in the case of a lack of strong faith they are especially heavy in our critical times. Often there is simply no time or strength to go to mass. Divergences between the requirements of the Church as regards eroticism and birth control and economic conditions become stronger. In addition, the simplification by certain clergy, of their pastoral work to such things as instructions or scoldings, routine confession, emphasizing the picture of the "Judging God" instead of the "Compassionate God," the closed language of the Church, widens the gap. But on the other hand, there is in youth an enormous yearning for the spiritual world, and the Church can help in creating an understanding of this. If it does not avoid sensitive subjects and talks to the youth in a partnerlike manner—then I would have no fears as to its authority.

[Question] Can the program for "healing" the Church be implemented autonomously—can it take place without the close cooperation of the State?

[Answer] No, it cannot. That is why we are proposing that the housing disaster be stemmed jointly and that the problem of upbringing furloughs for young mothers be solved jointly. We want to jointly discuss the right to free assembly, the problem of teacher status and the authority of the educator, the problem of atheization in the school and two-facedness in the expression of views by students and teachers, and the problem of pastoral care in the army.

[Question] But this is a kind of expansion of the Church. After all, many of these problems fall under the Constitution and belong to areas which are regulated exclusively by the State.

[Answer] Expansion? I do not think so. These actions are dictated by the situation, by the state of the young generation. We are also guided by "societywide" reasons. The Church would like to return to its own purely religious functions. But if the external situation requires us to take on such widely conceived activities, this does not mean at all that the mission of the Church has to evolve in that direction. The Church wants to concentrate on the soul of the person, on internal life as the focus of its mission. Man's conscience, fully developed, will shape better social and state structures. And that, after all, is what all of us Poles want to do.

9295

**Poznan Hosts New Workers, TU Monthly**  
*26000217g Warsaw TRYBUNA LUDU in Polish*  
*21 Jan 88 p 2*

[Unattributed PAP report: "BEZ PRZYSŁONY: Magazine of Workers and Trade Unionists"]

[Text] The first issue of BEZ PRZYSŁONY, the all-Polish monthly of workers and trade unionists, has appeared in Poznan. "The monthly in its current format," Marcin Bajerowicz told a PAP reporter, "is a magazine of the Workers' Association for Creators of Culture and the Voivodship Confederation of Trade Unions in Poznan. Our goal is to develop workers' culture broadly conceived, chiefly in factories and the factory bureaus for the dissemination of culture."

13021

**Military Recognizes, Adjusts to Sociopolitical, Generational Changes**  
*26000213a Warsaw ZOLNIERZ WOLNOSCI in Polish*  
*27-28 Feb 88 pp 1, 2*

[Article by Lt Col Janusz Borkowski: "Meeting of the Defense Ministry Social Sciences Council—New Viewpoints—New Tasks"]

[Text] (Own service) On 26 February at the Green Gate Garrison Club in Warsaw, there was a meeting of the Defense Ministry Social Sciences Council dedicated to the social sciences' role in solving the problems of education of military youth under contemporary conditions. The meeting was chaired by the director of the Polish Army Chief Political Directorate [GZP WP], Division General Dr Tadeusz Szacilo.

The council adopted as the chief goal of its work the determination of possibilities and actions to use the achievements of the social sciences to improve the conditions under which citizens and especially troops

fulfilling their basic term of military service meet civil responsibilities. Such a specified goal was motivated by sociopolitical and economic changes in Poland and throughout the world. One of these changes is the consistent realization in Poland of socialist renewal and reconstruction of social life, the implementation of the second stage of economic reform and tendencies for detente and reconciliation between the political and military superpowers. These changes have had an unquestionable influence on human attitudes and the functioning of many, including educational, institutions.

An almost natural function of these changes is the changes taking place in the way the young generation of Poles thinks and the attitudes of young soldiers. For the same reason, the armed forces, as a state and an educational institution, cannot remain indifferent to these events. In their theoretical activities and in their practical realization of training and indoctrination, the armed forces must consider these changes.

"Under Poland's conditions as a nation," said the training affairs director of the GZP WP, Brigadier General Mieczyslaw Michalik, "the army always was and will remain a political issue". At the present time, society's interest in the army is expressed in the context of the political and military situation in the world, the costs of fielding an army and the army's role in the country's social and economic life.

The interest in social sciences caused by the army's great public prestige and authority and concern for its further improvement should be concentrated on further improvement in two fundamental areas: the attitude of contemporary youth toward military service during the period before their induction and the attitudes and behavior of professional soldiers and inductees in their interpersonal relations both within and outside of service.

The high public prestige of the armed forces, their sociopolitical unity, great technical advancement, high level of personnel discipline and the organization of troop life are the values that place our armed forces at the head of other institutions that can have a strong educational influence on youth and that influence is something the public also wants.

In spite of all the praise of our armed forces, there is also some criticism from certain segments of society and even questioning of the need for young citizens to fulfill basic military service. Some of these doubts arise from ignorance, generalizations and the negative aspects of a soldier's life while others are expressed not to correct the shortcomings of the military organism but as an effort to totally negate the principles of the socialist order over which our army stands guard. This type of argument is especially used by people from pseudopacifist groups who renounce military service for political purposes alien to our nation.

Theoreticians and practitioners of military youth training all agree that the time has come for an improvement in military service and especially in military training to take its place within the mainstream of changes. They also emphasize that the army has no shortage of educational work or resources. The problem is actually one of efficiency, modern methods and relevance to current social and military conditions.

For that reason, the chief thrust of efforts should be aimed at giving youth a correct attitude toward military service, shaping the way they think, providing intensive pedagogical training to young commanders, building up the proper relation between the organization of the various services, making military life more democratic, shaping soldier awareness and discipline, strengthening partnerly and humanistic interpersonal relations, having the educational system function in both a liberalized but rigorous manner and indoctrinating both school and university youth.

In an active and very meritorious discussion, council members and their invited guests presented many interesting views, observations, conclusions and proposals which justified the need for improving military service and military educational processes. Their common denominator was an expression of the need to meet the demands of an advancing civilization and the requirements for greater democracy and to maintain the necessary defense and combat readiness and morale among our armed forces.

In his remarks, Professor Tadeusz M. Jaroszewicz pointed out the need to give educators and their students greater moral sensitivity and a sense of the values of socialist humanism. "A specific feature of education in the armed forces is direct educational participation in the performance of various tasks," said Professor Jan Szczepanski. "This feature is actually the best measure of the educational process's efficiency". The professor also spoke about the relationship between the moral state of society and the high degree of social autonomy of the armed forces. He pointed out the positive effects of the armed forces' direct introduction of young people to practical life.

In many communities, young people have contentious attitudes toward their parents, schools and state institutions and these attitudes have a sharp collision with the realities of military life. Col Czeslaw Staciwa spoke about this and proposed that general social education include more indoctrination of our Polish right to statehood and give greater emphasis to social rather than private responsibilities. The army gives many young people a chance for vocational and personal growth.

Professor Jerzy J. Wiatr spoke about the political differences between inductees coming into the army with its united political structure. This is a completely new situation that means that political education in the army is becoming an exceptionally important but also more a

complicated and difficult task. This is especially true when it is necessary to explain historical "blank spots". This requires military educators not to talk with "the man in the mirror" but to speak as one person to another, correctly interpret facts and be convincing.

An especially great amount of attention was devoted during the meeting to the model of a command and educational cadre, the pedagogical preparation of professional soldiers and their training and adaptation to the role of educators for modern youth. It was stressed that this cadre should work constantly to improve its knowledge and skills, maintain steady contact with the troops and be open to pedagogical and didactic innovations. These problems were discussed by Col Jan Bogusz, Professor Bazyli Bialokozowicz, Professor Tadeusz Lewowicki, Col Piotr Pokinko, Brigadier General Ryszard Muszynski and Col Edward Kijek.

There was also discussion of the problems of alternate military service, the activities of pacifist organizations and movements, the possibilities and means of establishing the right attitude toward military service during school and university education and the way in which the armed forces are presented in the mass media. These topics were discussed by Professor Miroslaw Nowaczyk, Professor Mikolaj Kozakiewicz, Professor Bronislaw Ratus and Brigadier General Henryk Kostrzewa.

Highly evaluating the value of participants' remarks, the director of the GZP WP, Division General Tadeusz

Szacilo, stressed that the present council meeting is one step in the process of improving the military service system. It has produced many proposals and confirmed the need for comprehensive analysis of the conditions in the armed forces and the tasks they imply.

The general stressed that the army is an organization of great autonomy but is bound to society in numerous ways. To a great extent, whatever happens in society becomes transposed onto the armed forces.

To meet the needs this implies, there have been many scientific studies and decisions have been made to completely reorganize military training and to make preparations for changes in the life of the troops. One such change is the rewriting of military regulations which will be finished this year.

The director of the GZP WP, in response to the participants' statements, stressed that the armed forces are guided by strict principles that will always define the way they function and these principles are a prosocialist orientation, humanization of life with the preservation of ideopolitical cohesion, strong defense readiness and discipline and consistent democratization. Democratic processes cannot weaken one of the fundamental values of a good soldier—military discipline.

12261

## HUNGARY

### Tax Reform, New Regulations Said Inhibiting Private Sector

**Uncertainty, Anxiety Prominent**  
25000146 Budapest FIGYELO in Hungarian  
18 Feb 88 pp 1, 23

[Article by Maria Demcsak: "Private Entrepreneurs: Is It Worthwhile?"]

[Text] A strong sense of restlessness could be detected among small entrepreneurs already during the preparatory period of tax reform. Their nervousness may be explained by historic reasons also: too many times and too frequently were the reins on doing business tightened. With year's end approaching it became certain that their burdens would not be reduced but instead will be increased, and that the costs of administration will show a frightening growth. A not small segment of the entrepreneurs was scared away by the statutes and regulations that appeared as impossible to penetrate and to learn, and it is for this reason that many small entrepreneurs chose to adopt a wait-and-see attitude.

In February it is difficult to obtain data concerning the previous year's business. Tax returns were to be filed by 31 January. Because of the many who filed their returns late, the processing of data in tax offices began only the other day.

Entrepreneurial initiatives subject to registration are not summarized at the national level. We were able to obtain accurate and detailed data from the Budapest Court of Registration, however. We might as well draw general conclusions from the Budapest data, since more than half of all small enterprises is concentrated there. In Budapest, 879 new economic work collectives [GMK] were registered in 1979, almost 300 fewer than in 1986. The entrepreneurial form which previously showed an unbroken record of popularity has lost some of its power of attraction. Analyzing in detail the registration of firms, broken down on a month-by-month basis, one might even correlate these movements with dates on which certain political decisions were made. Altogether 549 GMK's closed down in 1987. Bitterness manifested itself more forcefully during the initial four months: we should recall that it was then that the countervalue tax was raised to 20 percent, and this event was followed by a more peaceful, more relaxed summer. Tempers were relaxed by a high level political statement expressing a need for small enterprises, and by on-going preparations for tax reform in the course of which some encouraging bargaining dialog transpired between the government and those representing the interests of small entrepreneurs. Reflecting this confidence, it was in September that the least number of GMK's closed shop. During the fourth quarter of 1987 the rate by which firms went out of business gained strength, and by December the level reached three times the level recorded in May. It may be

assumed that in forming GMK's, expectations for limited liability companies (KFT) played a decisive role: it held out the promise of becoming a legal entity, the opportunity for escaping penalizing taxes. From among the GMK's, many chose the small cooperative form because they thought that within small cooperatives, opportunities for making an income would be still more favorable.

In January we received "danger" signals from many places regarding the folding up of enterprise economic work collectives [VGMK].

By the time the new tax reform was introduced it had become apparent that VGMK's had fallen into an impossible situation. The second income of some 260,000 VGMK employees had been endangered. See the computations contained in the Table [see below]. On the one hand, personal income taxes [SZJA] present the greatest disadvantage to multi-source income, which means that the SZJA depreciates performance outside of regular work hours. On the other hand, the need to pay value-added taxes [AFA] rendered relationships between enterprises and VGMK's too complicated and unmanageable. AFA must be computed after materials sold to VGMK's, and returned materials are also subject to AFA. The administrative and liquidity implications of this process are frightening. In addition, enterprises henceforth must pay countervalue taxes on the basis of billings already increased by AFA; accordingly, (also) this represents an increase in taxes. The new tax burden for VGMK's is composed of a 25 percent entrepreneurial tax, the hidden increase in the countervalue tax, the progressive taxation that flows from the SZJA, and the liquidity problems that flow from AFA.

In Budapest 441 VGMK's were formed in 1987 and 796 folded. As a matter of comparison: during 1986, 1044 VGMK's were registered by the Court of Registration. The trend showed increased strength toward the end of last year. Only 18 VGMK's began functioning in December, while 81 folded.

Accordingly, by the end of the year almost 10 percent of the 15,236 GMK's and VGMK's registered in Budapest abandoned the entrepreneurial sphere, or changed its form of operation. These enterprises involve some 16,000 persons. Estimates suggest that 30,000 persons are affected on the national scale. No reliable data exists as to the number of GMK's that ceased, or have temporarily discontinued their activities. It is the tax returns that will reveal these figures.

It seems that numbers pertaining to small tradesmen attest to a spectacular scare. While at the conclusion of the first semester of 1987 there were 153,000 small tradesmen in the country, by the end of the year there were only 152,000. It is interesting, but knowing the effects of SZJA, it is not at all incomprehensible that within the total number, the number of those who pursue small trades as a main occupation has increased by

almost 2,000, while the number of those who supplement their pensions by working as small tradesmen has decreased by 3,000. At first sight the greatest danger appears to be that tradesmen providing useful services in their second jobs in tiny villages and small settlements "threw in the towel." (This, however, does not mean that they do not work, if not elsewhere, they work in the amateur trade!)

Considering the increasing burdens presented by the new tax system, as the Table contained in our article: "The Numbers Speak for Themselves" [see below] demonstrates, the fear of those who pursue small trades as secondary occupations is understandable. This type of movement became even more forceful in January. A total of 5,563 new trade licences were issued, while 8,484 were discontinued.

As of 31 January only 149,000 small tradesmen were registered, from among these 4,683 suspended practicing the trade.

The likely explanation for the greater scare manifested by small tradesmen is the increased administrative obligation. The logging of journal entries is repulsively complicated, and for the time being no allowances are made for those whose volume is low.

To a certain extent stopping short may be discovered among small private merchants also, although, according to summary data obtained from the ten counties shows that the number of licences returned in January exceeds the number of licences returned in the same period last year only by 40. On the other hand, from among the 34,000 licenced small merchants a larger number suspended his business, waiting to see the way demand takes shape. Considering standard of living indicators one could not exactly count on an upswing. Accordingly, the income situation of the 58,000 persons engaged in private commerce is affected not only by the changed tax conditions, but also by the decline in demand which substantially worsens their situation. Should one expect a halt in terms of small private commerce? According to the National Free Organization of Retailers [KISOSZ] the mass phenomenon of a wait-and-see attitude is primarily due to inexperience, and to a scare resulting from bookkeeping requirements.

The number of small cooperatives considered as part of the small enterprise category grew continuously and at a rapid pace, as work preparatory to tax reform progressed. On the one hand, the legal form of an enterprise provides acceptable shelters for GMK's and for civil law associations [PJT] which are not legal entities and are therefore subject to special taxes. On the other hand, regulations pertaining to small cooperatives still provide more advantageous conditions for entrepreneurial, creative individuals, hence the continuing increase in the popularity of small cooperatives.

While in 1986 the official count of small cooperatives stood at 1,343, by 31 December 1987 there were 1963 organizations which chose the operational form of small cooperatives. This is the number of small cooperatives reporting, but according to estimates, a substantially larger number—2,500—is functioning in the country.

In these days, at the beginning of the year, small cooperatives do the same as enterprises. They wait. The more cautious ones (or the more uninformed ones?) must thoroughly understand and digest the applicable advantageous and disadvantageous effects of tax reform and of economic changes. Orientation is difficult in light of contradictory pieces of information. On occasion they hear that they will be classified under more favorable tax conditions, on other occasions they are told that their tax burden and administrative duties have greatly multiplied.

The majority, however, is feverishly studying and counting these days. Their actions reveal the kind of conclusions reached. It appears that the initial, already noticeable reaction of the private sector to the new tax system and to the income regulatory environment is contrary to the intent of economic management, which relies considerably on small organizations and private entrepreneurs in its quest to bring about economic efficiency and to gain acceptance of an entrepreneurial outlook. Nothing can replace small organizations and private entrepreneurs within the place reserved for them in the process of providing a dynamic charge to the economy.

Quite naturally, one must wait another month or two before obtaining a clear picture, but perhaps, even while waiting, one could think, or perhaps act so that processes contrary to intents declared in principle do not start within the small entrepreneurial sector—possibly in an unstoppable manner.

### Number of Entrepreneurs Decreasing

25000146 Budapest FIGYELO in Hungarian  
18 Feb 88 p 23

[Article by Peter Simsa and Janos Palotas: "The Numbers Speak for Themselves"]

[Excerpts] Are tax burdens for small entrepreneurs increasing or decreasing? This is not a matter of opinion. The numbers, it seems, can withstand debate far more than statements of principle or opinions could. The small enterprise chapter of the Hungarian Chamber of Commerce publicizes its detailed computations. (Footnote) (The National Association of Small Plant Entrepreneurs will hold its organizing meeting on 20 February 1988 at 1100 hours at the Hungarian Optical Works [MOM] cultural home on Csorsz Street.) The numbers prove that the broadest, the relatively low income stratum of small entrepreneurs is most disadvantaged by changes in the tax system.

Using computer analyses we examined the ratio of the net disposable entrepreneurial income as compared to related budgetary and social security payments within 100 forints of income produced in various forms of enterprise during 1987, and again in 1988, following the introduction of the tax system. For example: if out of 100 forints the net income of an entrepreneur is 55 forints, and he must pay 20 forints in income taxes, 15 forints in entrepreneurial taxes, and 10 forints toward social security ( $20+15+10=45$ ); the Table will show 81.8, this being the quotient of  $45/55 \times 100$ . This figure means that payment obligations in this income bracket amount to 81.8 percent of the net income.

Accordingly, in places where the numbers exceed 100, the given income level requires payments larger than the income. The contents of the third column under the various enterprise forms shows payment obligations in 1988 expressed as the percentage of 1987 payments under the same income conditions. The burden was reduced wherever this number is smaller than 100. In places where the number is higher than 100, the burden has increased. The horizontal lines reflect the entrepreneurs' net monthly income on an annual basis.

The Table also shows computations applicable to employees. It does so on the basis of identical principles, because the employees' income and the related burden must first be earned by the entrepreneur, and therefore must be taken into consideration. If in 1988 an identical employee net income demands a greater burden, that also increases the entrepreneur's obligation to make payments.

In our computations we considered only the income tax, the entrepreneurial tax and social security payments. We based our considerations on a company with an average of 10 persons. In viewing supplementary activities, we considered a monthly gross income of 6,000 forints derived from the primary job. This figure is lower in 1988 than the "grossified" people's economy average. We took into consideration only the general benefits, and disregarded allowances made in certain cases, tied to

special activities. (For example: we disregarded the 10 percent tax-exempt portion in 1987, and the 100,000 forint association benefit in 1988.)

These Tables [above] encompass income conditions rather broadly. To understand this, one must know that persons whose primary occupation is enterprising have average net earning of 6,000 to 14,000 forints per month, while those who pursue enterprising as a secondary occupation earn only 2,000 to 6,000 forints. Ninety-five percent of the entrepreneurs belongs to the latter category. One must also take into consideration that more than 80 percent of entrepreneurs is engaged in supplementary activities, that more than 90 percent of all entrepreneurs is composed of small tradesmen, small merchants, and of members of companies that are not legal persons. The data shows that broad strata of entrepreneurs are experiencing significant, substantial increases in 1988 payment obligations, amounting to twice or two and a half times as much than before. Entrepreneurs must take these increases into consideration with respect to the management of their businesses and in deciding about transforming their businesses.

Accordingly, calculations provided by the government's financial administration, as published in a daily newspaper, are not realistic. According to these calculations the profitability of entrepreneurs would improve in 1988. The unfavorable effects shown in the Table are further reinforced by the fact that as a result of the ultimate reduction in demand, the increased burden presented by virtue of the value-added tax cannot be fully recovered through pricing. The decline in demand itself deteriorates profitability. For this reason, and for reasons mentioned above, increasing costs cannot be fully conveyed either.

Finally, we did not consider taxes on countervalue, which forces the affected parties to significantly increase prices, and which, in turn, in more than a few instances would raise questions concerning the sense of doing business. In 1988 the rate of the countervalue tax has also increased, because it is now based on prices which have been increased by the value-added tax, and which are tied to inflation.

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PAYMENTS THAT BURDEN NET INCOME, AND THE RATIO OF NET INCOME IN 1987 and 1988,  
AND THE COMPARATIVE RATIO OF PAYMENTS IN THE TWO SUBJECT YEARS  
EXPRESSED IN PERCENTAGES.

MONTHLY NET INCOME	NOT A LEGAL PERSON						NOT A LEGAL PERSON					
	Member: Main Occupation			Member: Secondary Occupation			Employee: Secondary Occupation			Employee: Main Occupation		
	1987	1988	88/87	1987	1988	88/87	1987	1988	88/87	1987	1988	88/87
2,000	68.7	54.1	78.7	24.7	83.2	336.8	52.4	103.5	197.5	54.6	55.6	101.8
4,000	70.9	61.8	87.2	27.3	98.4	360.4	54.9	117.4	213.8	59.6	55.6	93.3
6,000	73.9	77.1	104.3	31.2	109.4	350.6	57.7	132.4	229.5	64.8	67.2	103.7
8,000	79.5	90.2	113.5	38.1	121.0	317.5	63.7	135.3	212.4	70.4	81.8	116.2
10,000	89.2	103.3	115.8	50.4	130.3	258.6	73.0	138.7	190.0	72.4	96.1	132.7
12,000	97.4	115.9	119.0	59.3	137.8	232.4	83.3	136.8	164.2	74.4	111.6	150.0
14,000	96.8	127.7	131.9	66.4	142.2	215.7	90.6	142.0	156.7	76.5	126.3	165.1
16,000	102.3	140.3	137.1							76.5	139.8	182.5
18,000	107.7	142.1	131.9							76.5	151.0	197.4
20,000	119.3	143.9	120.6							76.5	162.7	212.7
22,000	130.5	147.0	112.6							76.5	172.4	225.4
24,000	139.7	149.6	107.1							76.5	180.4	236.8
26,000	150.9	151.8	100.6							76.5	188.6	246.5
55,000	219.1	187.5	85.6							76.5	277.8	363.1

MONTHLY NET INCOME	SMALL COOPERATIVE						SMALL COOPERATIVE					
	Member: Main Occupation			Member: Secondary Occupation			Employee: Secondary Occupation			Employee: Main Occupation		
	1987	1988	88/87	1987	1988	88/87	1987	1988	88/87	1987	1988	88/87
2,000	108.1	92.6	85.7	104.6	83.2	79.5	104.6	103.5	98.9	108.1	55.6	51.4
4,000	114.0	92.6	81.2	107.9	98.4	91.2	107.9	117.4	108.8	114.0	55.6	48.8
6,000	121.2	107.0	88.3	111.7	109.4	97.9	111.7	132.4	118.5	121.2	67.2	55.4
8,000	128.7	125.1	97.2	119.6	121.0	101.2	119.6	135.3	113.1	128.7	81.8	63.6
10,000	131.4	142.8	108.7	132.2	130.3	96.6	132.7	138.7	104.9	131.4	96.1	73.1
12,000	134.1	162.0	120.8	145.9	137.8	94.4	145.9	136.8	93.8	134.1	111.6	83.2
14,000	136.8	167.8	122.7	155.7	143.2	92.0	155.7	142.0	91.2	136.8	126.3	92.3
16,000	136.8	166.4	121.6							136.8	139.6	102.0
18,000	136.8	165.3	120.8							136.8	151.0	110.4
20,000	136.8	165.9	121.3							136.8	162.7	118.9
22,000	136.8	167.0	122.1							136.8	172.4	126.0
24,000	136.8	167.9	122.7							136.8	180.4	131.9
26,000	136.8	168.6	123.2							136.8	188.6	137.9
55,000	136.8	196.5	143.6							136.8	277.8	203.1

MONTHLY NET INCOME	SMALL TRADESMAN -- SMALL MERCHANT					
	Member, Main Occupation			Member, Supplementary Occupation		
	1987	1988	88/87	1987	1988	88/87
2,000	52.8	41.1	77.9	15.3	50.0	326.8
4,000	55.6	42.2	75.9	11.8	49.5	419.5
6,000	60.4	53.2	88.1	14.8	56.1	384.2
8,000	72.3	68.7	95.0	25.5	72.8	285.5
10,000	84.2	87.4	103.7	36.7	85.0	231.6
12,000	93.6	103.5	110.5	45.7	94.2	206.1
14,000	104.4	114.2	109.4	62.5	102.0	163.2
16,000	120.8	117.0	96.9			
18,000	140.7	119.6	85.0			
20,000	161.0	122.1	75.8			
22,000	177.8	125.6	70.6			
24,000	182.4	128.5	70.4			
26,000	199.2	130.9	65.7			
55,000	302.0	167.1	55.3			

Note: In cases of secondary occupations, we considers 6,000 forints gross income as the monthly income earned in primary occupation. Relative to the entrepreneurial tax we took into consideration a 100,000 forint allowance (company with 10 persons).



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